Daily Report

Latin America

FBIS-LAT-91-197
Thursday
10 October 1991

Daily Report
Latin America

FBIS-LAT-91-197 *10 October 1991*

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

CARIBBEAN

Cuba

Commentary Criticizes U.S. Position on Haiti *[Havana Radio]* 1
Government Criticizes Veto at UN Security Council *[Havana Radio]* 1
Four More Dissidents Reportedly Arrested *[Hamburg DPA]* 1
Further on Arrests *[AFP]* 2
Castro Arrives in Santiago for PCC Congress *[Havana TV]* 2
Fourth PCC Congress To Begin 1300 GMT 10 Oct *[Havana TV]* 2
Report on Final Preparations for PCC Congress *[Mexico City NOTIMEX]* 3
Possible Opening To Emerge From PCC Congress *[Hamburg DPA]* 3
PCC Delegate Discusses Santiago Construction *[Havana Radio]* 4
Past PCC Congresses, Upcoming Congress Viewed *[Havana Radio]* 5
'Speculation' on Impact of PCC Congress *[Hamburg DPA]* 6
Citizen Participation in Government Viewed *[Havana Radio]* 6
Salvadoran Guerrilla Leader on PCC Congress *[Mexico City NOTIMEX]* 7
* Official Discusses Five-Point Economic Plan *[Mexico City LA JORNADA 22 Sep]* 7

Dominican Republic

Minister Denies Participation in Coup *[Mexico City NOTIMEX]* 9
No Decision on Recognizing Haitian Government *[Santo Domingo Radio/TV]* 9
No Asylum at Embassy in Port-au-Prince *[Santo Domingo Radio]* 9
Government Attitude Toward Haiti Criticized *[Santo Domingo Radio/TV]* 9

Haiti

Nerette, Parliamentarians Discuss Premiership *[Port-au-Prince Radio]* 10
Aristide Says Drug Trafficking Financed Coup *[Hamburg DPA]* 10
Further on Drug Money Charge *[Mexico City NOTIMEX]* 11
Exile Proposal From Venezuela's Perez Denied *[Port-au-Prince Radio]* 11
Officers Close to Aristide Discharged From Army *[AFP]* 11

CENTRAL AMERICA

Costa Rica

Assembly Approves Economic Integration Reforms *[LA NACION 2 Oct]* 12
PUSC Joins Campaign Against Cuba's Castro *[LA REPUBLICA 30 Sep]* 12

El Salvador

Cristiani on Success of Government Peace Efforts *[LA PRENSA GRAFICA 8 Oct]* 12
Rebel Radio Accuses Arena of Blocking Copaz *[Radio Farabundo Marti]* 13
Group Proposes Copaz Commission *[San Salvador Radio]* 13
Modesto Ramirez Command Warns of Military Action *[DIARIO LATINO 5 Oct]* 14
Announces New Campaign *[EL MUNDO 7 Oct]* 14
Five Killed in Fighting Near San Salvador *[AFP]* 15
Jury Absolves Group Accused of Killing Peasants *[San Salvador Radio]* 15

Guatemala

Serrano Speaks at Special OAS Session *[Guatemala City TV]* 15
Casualties on Armed Forces Reported by URNG *[Panama City ACAN]* 15

Nicaragua

Ambassador to Italy Comments on Chamorro's Visit *[Managua TV]* 16
UNO Accepts FSLN Proposal on Property Issue *[BARRICADA 8 Oct]* 16
Recontras, Sandinist Delegate Meet in Jinotega *[Managua Radio]* 16
Sandinist Would-Be 'Intelligence Center' Found *[LA PRENSA 6 Oct]* 17
EPS Denies Reports of Recontras Stealing Arms *[BARRICADA 8 Oct]* 18
Conflicting Reports on Incident *[Managua Radio]* 18
Police, Army Begin To Disarm Civilians *[LA PRENSA 3 Oct]* 18

Panama

Planning Minister Ford Promotes Economic Reforms *[LA PRENSA 2 Oct]* 19
Unions, Industrialists Counterpropose *[EL PANAMA AMERICA DOMINICAL 6 Oct]* 19
Paper: Nation Faces Dangerous Financial Future *[CRITICA LIBRE 6 Oct]* 20
Civic Crusade Not Aiming To Topple Government *[LA PRENSA 7 Oct]* 20
National Police Director Resigns From Party *[CRITICA LIBRE 6 Oct]* 21
Soviet Shipping Companies Registering Locally *[EL PANAMA AMERICA DOMINICAL 6 Oct]* .. 21
Ad Hoc Commission's Report on Reverted Areas *[LA PRENSA 1 Oct]* 22

SOUTH AMERICA

Argentina

President Menem Concludes Middle East Tour *[Buenos Aires Radio]* 28
Comments on Haiti, Issues *[TELAM]* 28
Lack of Funds for Haiti Blockade Reported *[NOTICIAS ARGENTINAS]* 29
Supreme Court Annuls Government Decree on Court *[BUENOS AIRES HERALD 9 Oct]* 29
Retired Colonel States Desire To Be President *[NOTICIAS ARGENTINAS]* 30
* Details Released on Privatization of ELMA *[CLARIN 30 Sep]* 30

Bolivia

Saavedra Opens International Antidrug Meeting *[La Paz Radio]* 30
Army Antidrug Efforts Praised During Ceremony *[La Paz TV]* 31
More on Army Involvement *[La Paz TV]* 31
* YPFB Natural Gas Production Data for 1990 *[HOY 15 Sep]* 31
* Industrial Activity Decline Analyzed *[HOY 17 Sep]* 32
* Nontraditional Exports Total $126 Million *[EL DIARIO 14 Sep]* 32
* Campesino Emigration Contributes to Poverty *[HOY 14 Sep]* 33
Agricultural Production Figures Reported *[PRESENCIA 28 Sep]* 34

Brazil

Government Predicts Higher Inflation Rate *[O GLOBO 8 Oct]* 34
Justice Minister Views Amendments Process *[Brasilia Radio]* 34
Commander Defends Sovereignty Over Amazon Region *[O GLOBO 8 Oct]* 34
Steel Production Increases 11.4 Percent *[Brasilia Radio]* 34

Chile

Silva Says Aristide Not To Visit Chile *[Santiago Radio]* 34
Silva Comments on Meeting With Soviet Envoy *[EL MERCURIO 3 Oct]* 35
New U.S. Restriction on Military Aid Criticized *[Santiago Radio]* 35
Argentine Border Problem Draws Reaction *[Santiago Radio]* 35
Israeli Navy Commander Concludes Visit *[EL MERCURIO 2 Oct]* 36

Bomb Explodes at Entrance of Military Hospital *[Santiago Radio]* 36
Entrepreneurs Negotiate Use of Soviet Satellites *[EL MERCURIO 4 Oct]* 36
International Federation Admits Stock Exchange *[Santiago TV]* 36
Police Director Comments on New Terrorist Group *[Santiago Radio]* 36
Propaganda Action Staged by Lautaro Group *[Santiago Radio]* 37

Colombia

Guerrillas Call Government Dialogue Positive *[Santa Fe de Bogota Radio]* 37

Ecuador

Government Reacts to Andean Pact's Concern *[Mexico City NOTIMEX]* 37
Peruvian Army Allegedly Provoking Indians *[Quito Radio]* 37

Paraguay

President's Handling of Statue Incident Praised *[ABC COLOR 9 Oct]* 38
Inflation 10 Percent in First Nine Months *[NOTICIAS 2 Oct]* 38
Office of Comptroller General Created *[ABC COLOR 4 Oct]* 38

Peru

Phony Human Rights Organizations Denounced *[Madrid EFE]* 38
Communique on Andean Pact Appeal Issued *[Madrid EFE]* 39
Mediation Offered *[Lima TV]* 39
* Change 90 Leader on 'Moralization' Campaign *[EL PERUANO 1 Sep]* 40

Venezuela

President Offers Asylum to Haitian Coup Leader *[AFP]* 41
Communique Issued *[Caracas TV]* 41
* Unions Demand Changes in Government Programs *[EL NACIONAL 17 Sep]* 41
* PDVSA Official on Expansion, Financing *[EL NACIONAL 14 Sep]* 42

Cuba

Commentary Criticizes U.S. Position on Haiti

PA1010141291 Havana Radio Havana Cuba in Spanish 0100 GMT 10 Oct 91

["Our America" commentary read by Urbino Amaya]

[Text] The farce staged by the Haitian soldiers with the support of their rifles and the fear of the population cannot last very long, because of the international rejection of the unacceptable replacement of constitutional President Jean-Bertrand Aristide. The imposition of a so-called provisional president, a supreme court judge whose name is Joseph Nerette, constitutes the epilogue of a macabre tactic by the Haitian Army aimed at giving the military coup, which cost the lives of hundreds of people, an appearance of lawfulness.

The action by a group of senators and deputies, with nervous soldiers aiming guns at them, to replace Aristide with an individual at the service of the military was too much of a clumsy maneuver to be accepted either inside or outside of the Caribbean nation.

The 34 OAS member countries met in Washington to condemn the use of violence and coercion in Haiti as well as the illegal replacement of the first constitutional president, who according to unanimous opinion, must return to his post. The fact that the OAS agreed to implement a drastic trade embargo, to freeze the assets of the Port-au-Prince government, and to isolate the new regime headed by General Raoul Cedras both politically and diplomatically, placed the coupists in a tight spot, because they are already feeling the effects of their actions.

Even though chaos and tension have not yet undermined the power exercised by the military, because of their use of the most barbaric methods and because of their disregard for foreign opinion, terror cannot prevail indefinitely. The plans to hold fixed elections without the presence of Aristide will not prosper either, because the OAS has expressed its refusal to recognize any government that emerges from an electoral process following the appointment of the provisional president.

The United States is the only country that has opened a breach in the world's condemnation of the Haitian Army by initially disregarding the return to power of President Aristide. This stand—in keeping with its hypocritical attitude regarding Haiti—was revealed when Richard Boucher, spokesman for the U.S. Department of State, suggested the need to restore legal order in Haiti without mentioning the return to power of the overthrown president. Washington thereby gave a breather to the coupists and brought forth a very dangerous element, if we consider the possibility that a force aimed at saving American lives, as they say, could be deployed to the Caribbean nation.

In view of the OAS rejection of the appointment of Judge Joseph Nerette, Washington finally agreed to join the current, but without emphasizing Aristide's return to power. Judging from the turn of events, it is necessary to avoid making any conciliatory gesture toward the Haitian Army, which has dared to force parliamentarians to vote for the man of their liking, to manipulate the constitution, to threaten Aristide with death if he returns, to beat up and kidnap the Port-au-Prince mayor, to expel foreign ministers from the country, and even to murder the most innocent passers-by.

The most sensible attitude to assume is to consider Haiti as a country that has been without a valid leader since 30 September.

Government Criticizes Veto at UN Security Council

PA1010010391 Havana Radio Havana Cuba in Spanish 1400 GMT 9 Oct 91

[Text] Cuba has criticized the manipulation of the veto privilege in favor of particular interests of some permanent members of the UN Security Council and has demanded the strengthening of the General Assembly's role.

Cuban Representative Juana Silveira spoke before the UN Legal Affairs Commission, emphasizing the need to establish more specific principles to regulate UN military activities. She also stressed the need to establish the right of the General Assembly to issue guidelines regarding the use of military forces under UN supervision.

Four More Dissidents Reportedly Arrested

PA1010000291 Hamburg DPA in Spanish 2300 GMT 9 Oct 91

[Text] Havana, 9 Oct (DPA)—Elizardo Sanchez Santa Cruz, president of the Human Rights and National Reconciliation Committee (CDHRN), has reported that at least 10 Cuban dissidents were arrested in Havana today, on the eve of the opening of the Fourth Congress of the Communist Party of Cuba (PCC) in Santiago de Cuba.

Sanchez Santa Cruz, whose organization is considered illegal by the Cuban Government, initially reported the arrest of six individuals, whom he described as "human rights activists." Hours later, he reported the arrest of four others.

The CDHRN leader identified the four as Julian Reyes of the Association for Political Rights [Asociacion por los Derechos Politicos], and Omar Lopez Montenegro, Manuel de Jesus Leiva, and Juan Gualberto Fernandez of the Association for Art Freedom [Asociacion por la Libertad del Arte].

In none of the cases has there been any immediate official information to confirm the report.

Sanchez Santa Cruz had reported earlier the arrest of Luis Pita Santos, president of the Association for the Defense of Political Rights (ADEPO), and Jorge Quintana, leader of Mella's Followers, both are co-founders of the Cuban Democratic Convergence (CDC), which was recently formed by eight dissident groups.

The other arrested individuals were identified as Reynaldo Betancourt Alvarez, Lazaro Loretto Perea, Ramon Rodriguez, and Raul Cobas Paradela, members of ADEPO's "executive board."

Citing reports from their relatives, Sanchez Santa Cruz said that police raided the activists' homes and "seized human rights documents published by the United Nations, various papers belonging to the involved organizations, typewriters, and other implements."

He added that Pita Santos, a university professor, and Quintana, a student, were taken to the "political police headquarters" while the others were taken to national police stations.

The arrests come two days after the release of a letter from the CDC to the Fourth PCC Congress, which will begin tomorrow in Santiago.

In the letter, the CDC asked the PCC to abandon its leading role in society and the state and to convene a pluralistic "national meeting" to discuss a transition to democracy.

Further on Arrests

PA0910190591 Paris AFP in Spanish 1801 GMT 9 Oct 91

[Text] Havana, 9 Oct (AFP)—Six Cuban dissidents who, according to Miami newspapers and the U.S. radio station Radio Marti, encouraged demonstrations in Havana on the occasion of the Communist Party of Cuba's Fourth Congress, were arrested by Cuban police on 9 October, dissident sources reported.

Luis Pita Santos, president of the Association for the Defense of Political Rights [ADEPO]; Jorge Quintana, leader of the group "Mella's followers"; and ADEPO leaders Reynaldo Betancourt Alvarez, Lazaro Loreto Perea, Ramon Rodriguez, and Raul Cobas Paradela, were arrested at their homes, according to dissident Elizardo Sanchez Santa Cruz, president of the Cuban Human Rights and National Reconciliation Committee.

Miami newspapers reported that ADEPO called for demonstrations at the close of the Fourth Communist Party of Cuba Congress, which will begin on 10 October. Radio Marti has been broadcasting an anonymous call to demonstrate in Havana on the evening of 10 October.

ADEPO and the "Mella's Followers" group are part of the Cuban Democratic Convergence, made up of eight dissident organizations, including that of Santa Cruz. (Julio Antonio Mella was a Communist leader assassinated before the revolution).

In a telephone conversation with AFP, Santa Cruz said he believes the arrests may be linked to the Cuban Democratic Convergence's presentation at a 7 October news conference of the text of the proposals to be presented at the Fourth Communist Party of Cuba Congress.

Castro Arrives in Santiago for PCC Congress

FL1010005191 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 10 Oct 91

[Text] At the close of this news program, the AIN [National News Agency] has informed us that Commander in Chief Fidel Castro, the first secretary of the Central Committee of the Communist Party of Cuba [PCC], has spoken with the delegates to the Fourth PCC Congress, which will begin tomorrow in Santiago de Cuba. At 1840 [2240 GMT] today, Fidel arrived at the housing village where the delegates are staying and immediately expressed interest in how they had made the trip to Santiago and the welcome given the delegations by the residents of Santiago.

Several delegates told him that their trip to Santiago had taken place under perfect conditions, and praised the warm welcome they had received in Santiago and all during their trip to that city. Fidel also expressed interest in conditions at the housing village and greeted the restaurant workers and other service people who work there.

Esteban Lazo, a Politburo member and the first party secretary in Santiago de Cuba Province, explained to the commander in chief about the conditions at the facilities near the housing village, including the Motel Deportivo where the guests and some of the journalists who will report on this very important party meeting are staying.

Fourth PCC Congress To Begin 1300 GMT 10 Oct

FL0910154691 Havana Tele Rebelde Network in Spanish 1100 GMT 9 Oct 91

[Text] The Fourth Communist Party of Cuba [PCC] Congress will begin in the hero city of Santiago de Cuba at 0900 tomorrow. The Heredia Theater, which will be officially opening its doors with this great meeting of the Communists and all the people, will welcome the nearly 1,800 delegates. The delegates were elected by grassroots organizations and are the cream of the country's 46,353 precandidates. One third of the delegates were directly elected at some 600 outstanding work centers.

Before beginning their work, the delegates will visit the Santa Efigenia Cemetery to place flowers on the tombs of Jose Marti and internationalist workers and combatants fallen in other lands.

The Congress will begin with the arrival at the theater of the Demajagua Bell which will remain displayed during the sessions. The bell was taken from the National Park,

where it is kept as a symbol of our peoples' rebelliousness, and brought to the Santiago de Cuba 26 July Academic City.

As it has been previously announced, the delegates will discuss four draft resolutions: the party statutes, the party program, the perfecting of the organization and functioning of the bodies of the People's Government, and the economic development of the country. They will also elect the members of the political organization's leadership bodies. This will take place after a long process began at the party cells where the records of 11,185 precandidates proposed for members of the Central Committee were examined.

Report on Final Preparations for PCC Congress

PA1010033291 Mexico City NOTIMEX in Spanish 2229 GMT 9 Oct 91

[Report by correspondent Juan Balboa]

[Text] Havana, 9 Oct (NOTIMEX)—Most of the delegates from 14 provinces who will participate on 10 October in the Fourth Congress of the Communist Party of Cuba (PCC) were bid farewell today with mass rallies and meetings in factories and bus stations.

The 1,800 delegates will arrive this afternoon in the eastern city of Santiago de Cuba, where the PCC Congress is scheduled to begin on 10 October.

The organizing commission of the PCC Congress confirmed today that the delegates will deliberate on four projects which were previously analyzed in the various provinces of the island.

These projects are the PCC statutes and program, the improvement of the organizations of the people's government, and the economic development of the country.

The most important meeting of the communists will also elect the organizations that will run the ruling party.

The delegates who arrived today in Santiago de Cuba, 970 km from Havana, come from every sector of the island: the military, academicians, workers, peasants, artists, and scientists.

The first session of the Fourth PCC Congress will begin at 0900 on 10 October at the Heredia Theater in Santiago de Cuba.

According to reports provided by the organizing commission, the agenda will include a speech by Fidel Castro, first secretary of the PCC and president of the Council of State and Council of Ministers.

The delegates from the city of Havana were officially bid farewell in a ceremony at the headquarters of the provincial assembly of the territorial people's government. They are the largest delegation.

Jorge Lezcano Perez, member of the PCC Central Committee and first secretary of the PCC in Havana, has said that the congress will define the strategic guidelines that will permit us "to mobilize the people in order to confront correctly the situation that we are experiencing" in the special period.

Lezcano also voiced his optimism over the results of the congress. He also stressed, however, that the meeting will not be a "magic wand" that will resolve all the problems and needs in Cuba.

Major Rainaldo Gapia, delegate of Military Unit 2721, expressed that the congress will be "a starting point" in the efforts to perfect the Cuban socialism and advance toward new goals.

The delegates from the Province of Cienfuegos were bid farewell in a large rally just before departing for Santiago de Cuba.

In Matanzas, 116 representatives from that province met with workers from the "Eddie Teijeiro" Clothing Factory.

Meanwhile, the delegates from Sancti Spiritus met with mass organization groups in their residential areas before boarding the train for Santiago de Cuba.

Similar ceremonies were also held in other Cuban provinces such as Las Tunas, Camaguey, Holguin, Pinar del Rio, Isle of Youth, Granma, Guantanamo and Villa Clara, among others.

There is great anticipation over the PCC congress, which will have 1,800 delegates, because of the collapse of socialism in Eastern Europe and the internal crisis in the USSR, which was until recently the most important ally of the island.

A cultural event to honor the delegates attending the fourth PCC Congress will be held this evening in which Silvio Rodriguez, creator of the new Cuban music style, will participate .

Interviewed in Santiago de Cuba following a tour of Mexico, singer Silvio Rodriguez considered it a privilege and an obligation to participate in the cultural event.

The organizing commission of the Fourth PCC Congress said that on the final day of meetings, which is not yet known, more than 200,000 people from Santiago de Cuba and other nearby provinces are expected to participate in the "march of the fighting people."

Possible Opening To Emerge From PCC Congress

PA1010024391 Hamburg DPA in Spanish 1243 GMT 9 Oct 91

[Text] Havana, 9 Oct (DPA)—According to government officials, at the Fourth Congress of the Communist Party of Cuba [PCC], which will begin tomorrow in the eastern city of Santiago de Cuba, it could be decided to open the country to increased foreign investment and to give a green light to "self-employment."

Eugenio Balari, president of the Institute of Domestic Demands Orientation and Research, has said that it is "certainly possible" that an opening will be seen for incipient expressions of private initiative in services such as carpentry, plumbing, tailoring, electrical work, and others to satisfy the needs of the people.

Julio Garcia Oliveras, the president of the Chamber of Commerce, has said that Cuba will act with "pragmatism and flexibility" in matters that involve foreign investment to encourage the creation of mixed enterprises and the exploitation of all economic resources.

Garcia Olivera said that as of now, 50 agreements of this nature are being implemented and that the government is studying 120 investment projects with investors from 26 countries. He did not report the extent of the investments that have been made or of those yet to be made.

Balari, who has a doctorate in economics and who has been described by local diplomatic sources as a liberal, admits that the level of consumption of the Cuban people has "declined sensibly" as a result of reductions and cuts in Soviet supplies and the U.S. commercial embargo.

Referring to the seriousness of the crisis in the country, Balari said: "I do not think we have touched bottom yet, but we are near it." He added: "The consumption of staple products and other products is experiencing an undeniable decline. Our challenge, over the short term, is to turn this process around."

He said that after three decades during which the government guaranteed the population's staple needs, the government now is having difficulties satisfying the consumption demands of the people. He noted: "Supplies remain, one way or another, unstable."

Balari said that cuts, interruptions, and delays in the arrival of supplies from the Soviet Union and other former socialist countries of East Europe have had an impact not only on staples, they have provoked the paralysis or partial paralysis of the industrial sector.

He said that the opening to foreign investment will prevent factories from sitting dormant and lead to an increase in production and exports. "Everything that Cuba can produce by its own effort must be produced or it must seek the participation of foreign capital."

Talking about turning certain services over to private hands in the future, he said: "If the PCC Congress makes a decision in that direction, many things could be resolved." At any rate, he explained, this would be a "complementary means, not a source of enrichment." Balari said that the alternative would be to have subsidized workers in their homes and living with shortages.

"I am not a liberal, but I am opposed to some socialist quirks, such as turning a barber shop into a state enterprise," the official stated. "We have allowed those quirks to slip by us and that has hurt us a great deal." It is one thing to control the means of production and quite another to control a barber or a taxi driver," he added.

Balari admitted that the shortage of food and other basic consumption goods are "hurting" the daily lives of Cubans and creating a "feeling of helplessness," but denied that the situation can turn into political opposition to the Fidel Castro government.

"Some things will not be discussed, such as the defense of sovereignty and the revolution, and a high degree of commitment and understanding on the part of the people exists," he stated.

The official also said that the food program, which was started last year as a "tactical response" to the shortages, is showing some success, such as in the production of legumes, vegetables, and fruits, which rose 18 percent during the first quarter of this year compared to the same period last year. The increase, however, is not noticed in the market because of the scarcity of other products.

PCC Delegate Discusses Santiago Construction

PA1010031491 Havana Radio Havana Cuba in Spanish 0100 GMT 9 Oct 91

[Interview with Juan Antonio Bandera, member of the Communist Party of Cuba, PCC, Municipal Bureau in Santiago de Cuba, by Barbara Bethancourt in Santiago de Cuba on 9 October—live or recorded]

[Text] [Bethancourt] Once again we are in this improvised booth on the 18th floor in Santiago de Cuba. We are talking today with someone we introduced to you several days ago. He is Juan Antonio Bandera, a member of the Communist Party of Cuba's [PCC] Municipal Bureau here in Santiago de Cuba. He handles problems relating to construction, industry, transportation, and communications. He is a civil engineer. Judging from all the activities he oversees, he really has plenty of work. With all the construction development we see in Santiago de Cuba, Bandera, I would like you to tell me: what are the main plans, specific projects, and what are the special areas of development?

[Bandera] We have been working on a series of programs over the past few years in Santiago de Cuba. The tourist program is one of the highlights. Over 50 million pesos have been invested in the tourist program for 1991. We have built hotels such as the (Carinfon Hotel), the Bucanero Hotel, and the (Sul) resort. We also recently built the Tropicana Nightclub. We are just finishing Los Corales Hotel as well as other hotels in the western part of the city such as the Sevilla Hotel and the Frances Hotel, which is ready to be inaugurated.

[Bethancourt] I was talking to a delegate to the Fourth Congress who told me that he just finished work at the Santiago Hotel and was about to begin work at the Frances Hotel. The city's skyline has changed, and not only because of the new hotels. There are some high-rise buildings and other types of buildings that give Santiago

de Cuba a new face. There is a lot of harmony between the scenery in the area and both the modern and traditional architecture. I would like you to tell me a bit about the country's modern construction methods.

[Bandera] Yes, we have worked a great deal in this direction in the past few years. We must say, before going into strict city planning considerations, that during these years most investments have gone to installations that guarantee the development of the food program as one of the bases of our economy. However...

[Bethancourt, interrupting] Excuse me, Bandera, but does this have to do with dairy farms and the [words indistinct] systems...

[Bandera, interrupting] The pig-raising systems, chicken-raising farms—in other words, large investments have been made in the agriculture sector.

Regardless of these investments, which are essential to the development and survival of our people, we must say that other important social works have been carried out. For example, 1,100 housing units have been built in Santiago de Cuba as of September 1991. In the last few days we inaugurated a building with 10 apartments in the San Pedrito neighborhood, which was formerly a shantytown, and [words indistinct]. In the (Banban) neighborhood, another former shantytown which our revolution is rapidly transforming here in Santiago, we also recently inaugurated two buildings, one with 10 apartments and another with 24 apartments....

[Bethancourt, interrupting] These projects have been carried out by the social minibrigades, namely the area residents.

[Bandera] That is correct. All these forms of organizing the population to build their own homes, combined with what the state is doing through the state brigades and enterprises, have given momentum to the urban development of the city. These changes can already be seen.

[Bethancourt] Yes, indeed. In addition to all that, one can see the quality of this construction. In this very 18-storied building where we are now, we can really see the difference between the construction work done in Cuba a few years ago and the discipline in handling the resources after the rectification process in this area, which is key to the development of the country.

[Bandera] During the conditions of the current special period, there is no doubt in my mind that we will continue to develop ourselves through better use of resources and large savings in fuel and material. And as was established [words indistinct] we will resist, struggle, and win.

[Bethancourt] I think so too. We have listened to Juan Antonio Bandera, member of the PCC Municipal Bureau in Santiago de Cuba, on development in Santiago and future construction plans.

Past PCC Congresses, Upcoming Congress Viewed

FA0910232291 Havana Radio Havana Cuba in Spanish 1400 GMT 9 Oct 91

[Commentary read by Roberto Morejon]

[Text] The context in which the Fourth Congress of the Communist Party of Cuba [PCC] will be held is completely different from that of previous congresses. This difference can be observed in the preparations for this monumental forum.

The First PCC Congress held in 1975 assessed the various goals and deficiencies experienced since 1959, and internationally it coincided with the increased internationalist aid to the new Angolan state.

Five years later, the Second PCC Congress began its sessions when U.S. President Ronald Reagan came to power and prepared to initiate his announced antagonistic campaign against Cuba.

In 1986, when the Cuban communists debated the agenda for the Third PCC Congress, the island was preparing its defense plans and the process of correcting errors and negative tendencies in economic planning, which was necessary to avoids the [word indistinct] mechanical effects of other socialist experiences.

Prior to the upcoming Fourth PCC Congress, there has been an about face in the international panorama with the downfall of the socialist experience in East Europe and the acute attacks against just philosophical and political systems, even though those systems had been improperly applied.

Pressure against Cuba increased. Trade with traditional suppliers of merchandise dropped off drastically. Washington thought that by preventing the delivery of supplies from alternate sources, the fall of the revolutionary government would be just a matter of time. It was necessary to declare a special period during times of peace, readjust concepts, and suspend constructive projects while assigning priority to others, while at the same time struggling to maintain high standards of education and health.

In addition to implementing an emergency and long-term food program, the government has stressed the importance of savings and austerity, which were also considered in organizing the Fourth PCC Congress. The party's convention will have no frills or superfluous activities. Delegates will be lodged in student housing and will be transported by train from their respective provinces. The use of tourist hotels will be avoided and fuel will be rationed. For the first time, no foreign guests or journalists will be invited. The organizers have acted according to the country's current situation.

'Speculation' on Impact of PCC Congress

PA1010021791 Hamburg DPA in Spanish 2015 GMT 9 Oct 91

[Report by Juan Carlos Salazar]

[Text] Havana, 9 Oct. (DPA)—President Fidel Castro on 10 October will inaugurate the sessions of the Fourth Congress of the Communist Party of Cuba (PCC) in the eastern city of Santiago de Cuba, approximately 1,000 km from Havana, amid speculation about the impact its decisions and recommendations will have on the future of the island.

The communist meeting, which will bring together 1,800 delegates chosen from among more than 46,000 candidates, will be held—behind closed doors and without an announced closing date—at the new Heredia Theater in the "heroic city," birthplace of the rebel movement that brought the Sierra Maestra guerrillas to power 32 years ago.

The delegates will analyze the economic situation during the "special period," an emergency program established by the government to face the shortage of supplies caused by the collapse of the socialist bloc. They will also analyze possible changes to the Constitution and electoral laws to "perfect" the organs of popular representation, but without abandoning the single party and planned economy system.

They will also study changes to the party statutes and program so as to adjust them to the new domestic and international situation. They will elect the members of the Politburo, the Secretariat, and the Central Committee of the party, to which the Constitution assigns the leading role within the state.

Political and diplomatic sources in Havana expect a substantial reorganization in the leadership of the Central Committee, which now has 225 members, and to a lesser extent, the 14-member Politburo and the five-member Secretariat.

"It is difficult to predict the reorganization, but it will probably show the emergence of the young leaders, all of them forged after the victory of the revolution," diplomatic sources stated. These sources insistently mention such names as Roberto Robaina, leader of the communist youth, and Carlos Lage, his predecessor in that post. Both are alternate members of the politburo.

The greatest expectations are focused on the fate of Carlos Aldana, the rising star of the new generation, who in October "leaped" to the powerful Secretariat to be in charge of ideology, one of the most important posts in that leadership body. He became "third in line" in the communist hierarchy, after brothers Fidel and Raul Castro.

Speculation about Aldana, a man close to Raul and who up to one year ago was known only for his participation in the Angolan peace negotiations, is mainly linked to possible changes to divide the leadership of the party, government, and state, which are now concentrated in the person of Fidel Castro.

In the opinion of some diplomatic circles, such changes might take place within the framework of the recommendations that the congress might make to the National Assembly (parliament) to "perfect" the organs of popular representation and "socialist democracy" through modification of the Constitution and the electoral laws.

Aldana and Raul Castro are mentioned in speculation about the vacancies they might fill if the veteran 65-year-old leader of the Sierra Maestra would choose to retain just one of the leadership positions he currently holds as head of the party, government, and state.

The deliberations will be behind closed doors and without the participation of foreign guests. The international press will not have access to the event. The Cuban Foreign Ministry denied visas to dozens of foreign journalists, arguing that the congress is an "internal event."

Also the Foreign Ministry did not grant technical facilities in Santiago de Cuba to the permanent and concurrent correspondents accredited in Havana, even though it did not prohibit their presence as "tourists" in the city that will host the congress. The Cuban press apparently will be the only source of information for correspondents.

The congress will be opened by President Fidel Castro tomorrow, but it was still unknown today whether the speech will be broadcast live on television.

Citizen Participation in Government Viewed

PA0910133591 Havana Radio Havana Cuba in Spanish 1400 GMT 8 Oct 91

[Roberto Morejon commentary]

[Text] The issues of how Cuban social and mass organizations are functioning and the possibility of transforming these organizations are not included among the main topics in the agenda for the Fourth Congress of the Communist Party of Cuba [PCC], however, the issues will probably be discussed freely by the delegates.

The very important meeting that will begin on 10 October will serve as a platform for the opinions of 1,800 delegates elected by a process that was carefully monitored by the entire population, which was able to state its opinion and to veto proposals.

Discussions on the functioning of social and mass organizations are of vital importance because it is through these organizations that the participation of the people in the political life of the nation is established.

The Constitution fosters broad social participation by citizens. To benefit from this, it is only necessary that

citizens meet minimum requirements and state an interest in belonging to organizations that form part of the political framework.

The Cuban state is supported by these organizations to conduct important tasks in the fields of economics, social welfare, political education, culture, and education. Cubans have acquired experience in discussing important matters, such as bills and other legal dispositions.

The organizations to which Cubans belong have become some sort of conveyors that make known, without restrictions, opinions and feelings of discontentment.

These organizations have Constitutional protection. Presently, there are hundreds of registered organizations and associations that have diverse interests. This includes religious organizations and lodges. Many of these organizations finance their own activities.

There is always room for contradictions, of course. As members of the Committee for the Defense of the Revolution and the Federation of Cuban Women have stated, duplication in the assigning of functions and excessive work during days off have been inconvenient.

The participants at the Fourth PCC Congress will discuss this and other matters. They will also discuss the achievements and the weak points of social and mass organizations so these organizations may reach their objectives successfully.

Salvadoran Guerrilla Leader on PCC Congress

PA0410201791 Mexico City NOTIMEX in Spanish 1535 GMT 4 Oct 91

[Text] Mexico City, 4 Oct (NOTIMEX)—A Salvadoran guerrilla representative has said that the Fourth Congress of the Communist Party of Cuba (PCC) will reaffirm the organization's role as leader of society and will result in important changes in view of the international situation.

Miguel Saenz, member of the Political-Diplomatic Commission of the Farabundo Marti National Liberation Front (FMLN) said that despite the problems that Cuban society is facing, the PCC is still at the vanguard.

Saenz said that due to the political transformations in East European socialist countries, the Fourth PCC Congress will be decisive for Cuba's future because of U.S. economic blockade.

Saenz said that notwithstanding the current world situation, the only way the Cuban regime can remain is by making changes. He added that the Cuban people are the only ones who can decide how and when those changes will be made.

Saenz said that he expects the next PCC Congress to hold a profound debate on the international situation and on the island's current political and economic situation, which is an obligatory subject on the agenda.

He stressed that many of Cuba's economic problems are due to the 30-year economic blockade that has forced the country to depend excessively on the socialist system.

Saenz reiterated the need to end the blockade immediately, which affects the economic field as well as the social and political fields.

Saenz said that it is unrealistic to believe that economic problems will provoke a social explosion in the island, because Cubans have the spirit, tradition, and experience to face difficult times.

He stressed that the international community, particularly Latin American countries, should give moral and material support to Havana and should have a clear picture of the Cuban situation.

Saenz said that Cuba not only confronts economic problems. Since the third PCC Congress, a program of "rectification of mistakes" was implemented to study roblems related to bureaucracy and authoritarianism.

He added that the Fourth PCC Congress should result in qualitative changes inside the country, where some reforms are already being implemented. Above all, it will strengthen the process of awareness in which society has already been participating.

In regard to Fidel Castro's role in the party's leadership, Saenz said that he will continue to lead the country because he is not only a national leader but a Third World personality.

In Cuba there are cadres who could replace Castro as society leader. No matter how capable that person may be, he will never be able to fill the vacuum that Castro would leave.

* Official Discusses Five-Point Economic Plan

92CA0004A Mexico City LA JORNADA in Spanish 22 Sep 91 p 37

[Article by Josetxto Zaldua]

[Text] Havana, 21 September—By implementing a five-point master plan, the Cuban Government is confident that it will be able to prove the doomsayers wrong and, by the end of the decade, put an end to the bitter times the populace is undergoing right now. The plan calls for the expansion and stabilization of exportable funds, import substitution, an ambitious food program, an unstinting battle to maintain current levels of health and education services, and finally, a severe energy-saving plan.

Eugenio Rodriguez Balari, president of the Cuban Institute for Research and Orientation of Consumer Demand (ICIODI), acknowledged in an interview with LA JORNADA that the impact of a sharp decline in trade

with the USSR would worsen the island's plight, officially known as the "special period." Balari contends that the United States Government "is out of touch" and that the ultimate goal of "this absurd policy of the leaders of the United States" is to "humiliate us for having the nerve to be free and sovereign."

Regarded as a liberal in the most orthodox circles of the Communist Party of Cuba (PCC), Balari believes that if his country is forced to seek new trading partners overnight, the so-called "zero option," which is none other than a prewar period, will be "a painful reality for our people." Nevertheless, this communist-liberal remains somewhat optimistic about the near future, and points out that his government is even expanding its policy of allowing foreign investment in the country. This policy is particularly beneficial in the area of tourism, where capital from Spain, Italy, Canada, and, to a lesser extent, Mexico is growing as fast as tropical fruit.

With regard to the immediate future, Balari says that the trade agreement with Moscow must be reviewed at the end of this year, and the matter is completely up in the air in Havana, as it is already apparent that the interlocutors are not the same people as before. Now the Cubans will be negotiating with what is left of the former all-embracing power, with the authorities in the republics, and with some 20,000 firms that are interested in Cuban exports.

The renegotiation includes the burning issue of oil and sugar; Moscow sends 10 million tons of oil per year in exchange for the 4.5 million tons of sugar that Havana sends to that multinational state, notes Balari. Cuban officials are worried whether the two faces of Moscow—Mikhail Gorbachev and Boris Yeltsin—will still be interested in maintaining a trade which, they contend here, is not disadvantageous to either side.

At any rate, recent reports from Moscow suggest that in the medium term, the oil crisis in the USSR will become so severe that it will be forced to import a product of which it was once the world's leading producer. In this context it is easy to conclude that Cuba will face very serious energy problems in the not so distant future, unless Havana manages to quickly join the San Jose Pact, under which Mexico and Venezuela sell petroleum to Central America and the Caribbean on favorable terms. Cuba is unable to meet those terms at the moment, because it has no way of paying 80 percent of every oil purchase in cash.

Because of these doubts, Balari says that his government designed the five-point plan with the idea of, and for the purpose of, ensuring the survival of the revolution, and incidentally laying the groundwork for better times, "which will come, no doubt about it," maintains the ranking Cuban official.

The first point deals with the pure survival of the country, of the revolution, while developing the economy and also enhancing its foreign exchange revenues by consolidating traditional exports (which official statistics peg at $6 billion a year) such as sugar, nickel, steel, tobacco, coffee, and shrimp, and opening up new areas such as tourism, biotechnology, heavy equipment, and pharmaceuticals.

Secondly, the plan calls for import substitution; Balari estimates that imports now amount to about $5.5 billion a year. For this purpose, the new industries that began to emerge in the 1980's must get under way quickly. Cuba is already producing farm machinery and implements, irrigation systems, bulldozers, trucks, buses, and even bicycles, a mode of transportation that 1.5 million people will be using by 1992. Balari reports that his country has substantially reduced its spending on industrial equipment.

The third part of the plan put forth by the Cuban Government is essential for the revolutionary process. It deals with the food program, which is a key factor in determining whether there is support or social defection, according to the president of the Cuban Institute for Research and Orientation of Consumer Demand. This country is facing a critical shortage of such a basic staple as milk today because of the conspicuous absence of the nearly 100,000 tons of powdered milk that used to be sent by the USSR and the defunct German Democratic Republic.

And since there is no point in crying over spilt milk, says Balari, two years ago the government launched an ambitious livestock plan that includes the expansion of cattle and pig herds. It also entails an aggressive policy of tripling poultry production, given that Cuba is among the world's top 10 consumers of eggs. This food program also involves expanding the country's reservoirs so that they can store some 9 billion cubic meters of water by 1995, compared to 7 billion now, for use in irrigation and household consumption. In addition, the expansion of the water supply will also contribute to the increase in the cultivation of fresh water species; production of the so-called "tilapia" is projected to rise from 21,000 tons in 1991 to 45,000 tons by 1995. At the same time, shrimp production is on the rise in waters that used to be swampland, and an accelerated effort is being made to ensure self-sufficiency in rice by 1995. At present, Cuba produces 60 percent of the rice it consumes; China and Vietnam supply the remainder.

The fourth pillar of the plan is particularly sensitive, as it involves maintaining current levels of services in the areas of health, education, sports, culture, and social services such as childcare facilities and care for the elderly. The challenge here is tremendous, because it will be difficult to keep pace as the crisis deepens. Balari declares that the government of Fidel Castro is determined to maintain these levels come hell or high water.

Finally, there is the energy-saving program, which is designed to eliminate the waste that was so prevalent in the good old days of the 1980's. The plan entails the massive use of bicycles, severe rationing of motor vehicle fuel, the replacement of tractors by oxen for farm tasks

where animals will not damage the land—in short, a whole strategy aimed at optimizing the use of petroleum, the "black gold" that Cuba so desperately needs to put the lie to the pessimistic predictions.

"If we are poor, we cannot live like rich people," concluded Balari when asked about the attitude the people may have toward the deepening of the current crisis. According to this communist who has been called a liberal by the party hardliners, "a country has to live within its means, and in Cuba it is time we learned that hard lesson."

Dominican Republic

Minister Denies Participation in Coup

PA1010023791 Mexico City NOTIMEX in Spanish 0142 GMT 10 Oct 91

[Text] Santo Domingo, 9 Oct (NOTIMEX)—The Government of the Dominican Republic on 9 October denied any participation in the 30 September coup d'etat that ousted Haitian constitutional President Jean-Bertrand Aristide.

According to the Puerto Rican Committee of Solidarity With Haiti, Dominican President Joaquin Balaguer financed the military officers headed by Raoul Cedras with funds from U.S. "rightist institutions," including the Heritage Foundation.

Dominican Minister of the Presidency Noe Sterling Vasquez stressed that the accusation "is perverse," and can only come from "someone full of political resentment and from social renegades."

No Decision on Recognizing Haitian Government

FL0910172291 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1624 GMT 9 Oct 91

[Text] The Dominican Government is following with interest the political developments in Port-au-Prince. The constitutional administration will not make decisions on the eventual recognition of the new administration. Foreign Under Secretary Fabio Herrera Cabral talked to "Updated World" [name of newscast] about the course the Haitian political situation is taking. Herrera said: We cannot be premature inasmuch as power was taken over with weapons and not through elections. The under secretary of state for foreign relations stated that the change has not been officially announced through diplomatic channels.

The military junta, which led the coup d' etat against President Jean-Bertrand Aristide, imposed a new head of government. Joseph Nerette was sworn in before a virtually empty National Assembly. Foreign envoys were not present either.

The Dominican Secretariat of State for Foreign Relations asserted that it is following with interest the events in Haiti but no decision has been made to recognize the new government.

No Asylum at Embassy in Port-au-Prince

FL0810113091 Santo Domingo Cadena de Noticias in Spanish 0950 GMT 8 Oct 91

[Text] The Dominican Government has given instructions to its ambassador to Haiti to not allow asylum to anyone at the embassy. The order was given to Dominican Ambassador to Port-au- Prince Jose del Carmen Acosta. The disposition is based on the confusion that currently exists in the neighboring country.

On another matter, it was reported that some Dominicans who live in Haiti have sought the embassy's protection. The Dominican Government has given instructions to offer all facilities in terms of space to the Dominican nationals who live in the neighboring country.

Government Attitude Toward Haiti Criticized

FL0910175691 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 9 Oct 91

[Station editorial: "Dominican Position on the Situation in Haiti"]

[Text] A number of discordant voices are being heard criticizing the constitutional government for the discreet attitude assumed vis-a-vis the bloody events in Haiti where the constitutional regime was deposed. While opposition groups want President Balaguer to assume radical and definitive attitudes, the chief of state is once again showing character, coherence, sensibility, and good sense.

It is not a matter of staunchly supporting President Aristide whose grave mistakes led him to provoke the drastic action of large groups of people in the neighboring state. It is not a matter of a responsible government, a conscious administration, venturing into supporting the coupists either. The attitude has to be precisely the one assumed by Joaquin Balaguer, one of patient vigilance, constant expectation, permanently following up the course of social and political events taking place in Haiti which is on the verge of chaos.

It would be too adventurous if a legitimate government led by a master of law took our country, with an irresponsible attitude, on the path of mistakes, with its exuberant positions. International organizations, where the Dominican Republic plays an important role, are giving Haiti the attention the painful case deserves. We cannot individually go beyond the collectively coordinated action. Considering the course of events that are shaking Haiti, there is the possibility that untimely acts of solidarity or rejoicing attitudes of friendly foreign

ministers may end up being ridiculed. Let us praise the official position which is represented by equanimity, reason, and wisdom.

Haiti

Nerette, Parliamentarians Discuss Premiership

FL1010000891 Port-au-Prince Radio Nationale in French 2223 GMT 9 Oct 91

[Press release by Provisional President Joseph Nerette's private secretariat in Port-au-Prince on 9 October—recorded]

[Text] The provisional president of the Republic, within the framework of dialogue with all the national sectors, met at noon with a parliamentary delegation led by the president of the National Assembly, Senator Dejean Belizaire. Their discussion focused on possible means of handling the difficult political situation, with particular emphasis on a choice of prime minister. They stressed the need for frank cooperation and patriotic spirit between the executive and legislative branches of government. Proposals of concrete measures to be adopted immediately were also discussed during this meeting, and the parliamentarians pledged complete cooperation with the provisional government of the republic.

Provisional President Joseph Nerette, a lawyer, will meet tonight at 7:00 pm [2300 GMT] with leaders of the political parties.

Aristide Says Drug Trafficking Financed Coup

PA1010005091 Hamburg DPA in Spanish 2227 GMT 9 Oct 91

[Text] Caracas, 9 October (DPA)—Deposed Haitian President Jean-Bertrand Aristide said in Caracas on 9 October that the coupists are being financed through drug trafficking. He added that suspending aid to that country should be the response of the international community.

The coupists "are receiving money and weapons from the Tonton Macoutes," the former Haitian militia that kept the Duvalier family in power for 30 years. "The money comes from drugs, which represents a challenge for the international community," Aristide said during a news conference.

"One more day of aid represents one more day of death," and "the international community cannot accept such a situation," he added.

Aristide, 38, a former Salesian priest, praised the decision adopted by the Organization of American States (OAS) to impose an economic embargo on Haiti and freeze its funds abroad.

"We welcome the OAS sanctions, particularly the embargo, as a very important measure in helping the Haitian people," Aristide said. He reiterated once again his rejection of the coup that ousted him from power over a week ago.

Aristide, the first Haitian president elected by the people in direct elections, was overthrown on 29 September by a group of military officers headed by Armed Forces Commanding General Raoul Cedras. After the coup, he fled to Venezuela, where he was received as a guest of honor by President Carlos Andres Perez.

"There is no change in our position. We are against the coup and against the dictatorship that has killed people and killed democracy," Aristide stressed.

Aristide, who described as "a second coup d'etat" the appointment of Judge Francois Joseph Nerette to be Haiti's provisional president, reaffirmed at the news conference that the coupists are only trying to "hide" behind the magistrate.

"This is further proof of illegitimacy, which is only intended to trample the position of the national and international community," he added.

Aristide said in a radio interview that Nerette's installation "represents no problem" for Haiti; to the contrary, it "sheds more light" on the "illegality of the coupists.

Aristide again termed as "unnecessary" foreign military intervention to remove the coupists from power and restore the constitutional government in Haiti. He stressed that the international community can exert pressure to oust the coupists from the government.

"Today it is possible to talk about democracy in Haiti because the international community helped" to make possible the December 1990 elections supervised by the UN "Blue Helmets" and OAS observers.

The reinstatement of the constitutional government "is possible without military intervention," Aristide stressed.

"It is a matter of saving what not only concerns Haiti, but the entire world," he said. However, he warned that it should be done using the language of peace. "We have always and will always say no to violence," he noted.

Although Aristide said that he would be willing to reach agreements to return to Port-au-Prince, he warned that he will not negotiate with the coupists, but with the Haitian people.

"It is not a matter of reaching agreements with the coupists, but with the people and with Haitian political leaders," he said.

"I am willing to grant the Army a general amnesty," after Cedras leaves the country, he assured.

Aristide, who during the past few days has been accused of violating human rights during his six months in office,

defended himself saying that the allegations are "inventions and lies" by the coupists intended to keep them in power.

"I have never seen a Haitian Government respect human rights as our government has," and "anyone of good faith who has eyes can see all what we have done over the past few months," he added.

Further on Drug Money Charge

PA0910222691 Mexico City NOTIMEX in Spanish 2132 GMT 9 Oct 91

[Text] Caracas, 9 Oct (NOTIMEX)—Deposed Haitian President Jean-Bertrand Aristide said here on 9 October that there is a network to finance and to deliver weapons to General Raoul Cedras with drug trafficking money channeled through opposition groups in the Dominican Republic.

Aristide said in a news conference that a former mayor of Port- au-Prince is the leader of the network and its main assistants are members of the defunct Tonton Macoutes, who helped the Duvalier family stay in power for 30 years.

The president, who was overthrown on 30 September, said that he has not yet had any contacts with Joaquin Balaguer, president of the Dominican Republic, a country with which Haiti shares the island of Hispaniola.

Exile Proposal From Venezuela's Perez Denied

FL0910202491 Port-au-Prince Radio Nationale in French 1900 GMT 9 Oct 91

[Press release issued by the Haitian Armed Forces Headquarters in Port-au-Prince on 9 October—recorded]

[Text] Headquarters of the Haitian Armed Forces formally denies allegations by the newspaper EL DIARIO DE CARACAS, Venezuela, which alleges that the Venezuelan head of state, through the Jamaican prime minister, proposed political exile to the interim commander in chief of the Haitian Armed Forces. Headquarters vigorously protests such a maneuver, aimed at disrupting the serenity of the nation, which has just shown the world its firm determination to follow functional democracy.

Officers Close to Aristide Discharged From Army

PA0910195791 Paris AFP in Spanish 0334 GMT 9 Oct 91

[Text] Port-au-Prince, 8 Oct (AFP)—On the night of 8 October, the Haitian military high command announced that nine officers who were close to overthrown President Jean-Bertrand Aristide, were discharged from the Army.

Lieutenant Colonel Pierre Cherubin, former chief of President Aristide's police; and Lt. Col. Neocles P. Arne, former commander of the infantry companies responsible for the security of the chief of state, were dismissed.

Major Jean-Marie Fourel Celestin, Father Aristide's field aide; and Maj. Jean Lamy were also discharged.

Captains Pierre Michel Lubin, Dany Toussant, Jacques Aurelus, and Michel Nicolas Sperduto, the president's personal doctor; as well as Lieutenant Joseph Medard; were dismissed.

The population was warned on the night of 8 October, through an official communique, against the "dishonest activities" of the former members of the Presidential Security Service (SSP), who introduce themselves wearing military attire. Another communique states the names of 10 SSP members and instructs them to surrender their weapons within 48 hours.

Costa Rica

Assembly Approves Economic Integration Reforms

PA0910143691 San Jose LA NACION in Spanish 2 Oct 91 p 6a

[Report by Jose Miguel Fonseca G.]

[Text] On 1 October, the Legislative Assembly approved the protocol of reforms to the Central American Economic Integration Agreement, which means Costa Rica must pay the BCIE [Central American Bank of Economic Integration] $158 million.

This agreement increases BCIE's capital by $2 billion, of which Costa Rica, Guatemala, El Salvador, Honduras, and Nicaragua must pay $1.02 billion. Of the $1.02 billion, $228 million has already been paid, leaving a balance of $792 million to be paid by the five countries.

The $980 million needed to meet the $2 billion goal will be supplied by countries outside the area, whose participation in the BCIE was approved when this agreement was ratified.

Rodrigo Oreamuno, deputy of the National Liberation Party and participant in the Economic Affairs Commission, views the pact as positive. Costa Rica will have to pay 25 percent of that amount in cash as soon as possible, while the rest may be paid in promissory notes and in other exchange instruments.

William Munoz Cespedes, who presided over the Legislative Assembly group that studied the pact, said that ratification of the reforms is essential so Costa Rica will be eligible for BCIE credit.

It took more than two and a half hours to approve President Rafael Angel Calderon Fournier's trip to Washington from 6 to 14 October. Regarding this trip, United People's Party Deputy Rodrigo Gutierrez, National Liberation Party Deputy Oscar Soley, and Social Christian Unity Party Deputy Rolando Lacle said they feel reform is needed to allow the president to travel abroad without the need for parliamentary permission, as the Constitution now stipulates.

PUSC Joins Campaign Against Cuba's Castro

PA0810020591 San Jose LA REPUBLICA in Spanish 30 Sep 91 p 2-A

[Report by Carlos Roverssi]

[Text] The Social Christian Unity Party (PUSC) decided to firmly support the efforts of the Cuban Christian Democratic Party during the annual meeting of the Christian Democratic Organization of Latin America [Organizacion de la Democracia Cristiana de America Latina—ODCAL].

According to PUSC Secretary General Danilo Chaverri, the Social Christian parties in the region have decided to bolster their activities in support of the anti-Castroite groups, granting active-member status to the Cuban Christian Democratic Party and thereby making it possible for regional parties to support the Cuban Christian Democratic Party's activities in Miami, as well as its active forces who are already struggling on the Caribbean island.

Asked about the true possibilities for change in Cuba, Chaverri said that the current situation is making the democratization process easier. "There are two events that support the possibility of a change within the short term on the island: the fall of communism in the USSR takes that country out of the East-West conflict, and the Soviets' inability to continue subsidizing the Havana government will cause a serious internal situation that Castro's dictatorship will not endure," Chaverri explained.

Chaverri also said that the Christian Democratic parties agreed to join forces with the Social Democrats and liberals to promote a change of government in Cuba, as happened in Chile and Nicaragua.

Concerning the possibility of a direct intervention, the Social Christian legislator said that the PUSC does not support that position, which is why it has been able to join forces with the Social Democrats, its traditional enemies.

In another vein, Chaverri said that the PUSC has initiated a program to support the government's efforts, and its rank and file leaders have fully and devotedly welcomed it.

According to the ruling party's secretary general, "the great effort the government is making for the country to overcome the real crisis inherited from two liberationist [National Liberation Party] regimes has been understood, and we are preparing to take over the Calderon administration's political responsibilities."

Chaverri added that he has noticed that state ministries and institutions are pursuing the community's demands and the present government's pledges to the nation more actively which, in his opinion, implies that Social Christian voters will regain their confidence.

To conclude, Chaverri said that the PUSC is prepared to continue working on the internal procedures that will determine the party's new political direction with a view to the next presidential election.

El Salvador

Cristiani on Success of Government Peace Efforts

PA0910170091 San Salvador LA PRENSA GRAFICA in Spanish 8 Oct 91 p 3

[Text] "Peace through political negotiations, the fruits of which are visible, prove that the government has persevered in its efforts to fulfill the people's desire for peace."

President Cristiani made that statement commenting on the agreements signed by the government and the FMLN [Farabundo Marti National Liberation Front].

According to a report by the ANSAL news agency, productive sectors, political parties, labor groups, and the people in general support the government's efforts to pave the way for discussion of the final issues, which will begin 12 October.

Political parties in the Legislative Assembly met with President Cristiani at Presidential House to begin preparatory work for the COPAZ [National Commission for Consolidation of Peace].

It has been said that the good will shown by the parties involved in the process will contribute to attaining real peace after many years of confrontation, many deaths, and the destruction of public property.

Legislative Assembly President Roberto Angulo said that COPAZ does not exist yet, and will be legally established eight days after a cease-fire agreement is signed. He said that was stipulated in the New York agreements, and that some confusion exists as to COPAZ's functions. He added: "There is no COPAZ yet; it is being formed and it cannot function as such until eight days after a cease-fire agreement is signed."

In regard to incorporating FMLN representatives into the preparatory work, he said it is a decision for the executive branch. However, he said, "those who kill, destroy, direct, plan, and carry out terrorist acts are regarded as criminal terrorists." He said that after a cease-fire agreement is signed, an amnesty could be declared to reconcile divided Salvadoran society, but until it happens FMLN representatives cannot enter the country.

Rebel Radio Accuses Arena of Blocking Copaz

PA0910185691 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 0000 GMT 8 Oct 91

[Station commentary: "Arena is Pointing the Gun at the New York Agreement"]

[Text] The immediate establishment and implementation of the work by the National Commission for the Consolidation of Peace, Copaz, represents a project for the new political reality that emerged from the talks between the Farabundo Marti National Liberation Front [FMLN] and the government. Political democracy has never existed in El Salvador, let alone economic and social democracy, the absence of which set the country ablaze for 11 years. Now, broad political participation, something a military government like the Arena [Nationalist Republican Alliance] regime never allowed, is possible. That did not happen by chance, but because of the struggle of a large number of Salvadorans.

It constitutes a big gain for the country, and marks the fate of 6 million Salvadorans, who will build a government with broad participation based on the commitment that no force will prevail over another, unless it seeks to pave the way for a new and fiercer war. Copaz, therefore, is the first indicator of the new phase of pluralism, dialogue, and consensus. Although Copaz represents a milestone in ending the war, Arena is trying to block its immediate implementation in El Salvador, as Legislative Assembly President Roberto Angulo said today. The New York Agreement clearly establishes that, from 25 September 1992 until the end of the war, Copaz will work under a temporary work system; and it can be formally established by the Legislative Assembly following the signing of the cease-fire agreement. Once again, Arena is trying to sabotage the negotiation agreements. Arena is offering absurd amnesties to make Copaz work.

Those who foster abuse of power should know that FMLN participation in Copaz does not depend on Arena's approval. In addition, the FMLN is a national force that has been in our country for over 21 years, despite the operations of over 60,000 soldiers who have been unable to annihilate us politically or militarily. Using a decadent legal system to prevent the open mobilization of the FMLN in San Salvador is appropriate to a feudal and backward party. The FMLN will never be subject to amnesties. We have never needed them, much less now. The people must feel confident that if we sign the New York Agreement, which promises that the criminal Armed Forces will be purged and the repressive bodies disbanded, we will have the conviction and sufficient strength to deploy the whole political potential of the democratic revolution all over the country.

Arena will have to swallow its words, because those who oppose peace will be swept away by the force of facts. Arena, and Alfredo Cristiani specifically, must change and adopt a more responsible and mature attitude. The ship of militarism is sinking and those who hold on to it will sink with it.

Group Proposes Copaz Commission

PA1010044591 San Salvador Radio Cadena YSU in Spanish 1800 GMT 8 Oct 91

[Text] The Permanent Committee for National Debate [CPDN] urged the country's political sectors not to block the formation of the peace commission.

On 8 October the CPDN denounced tactics designed to delay the installation of the National Commission for the Consolidation of Peace, Copaz. According to the CPDN, government officials are proposing that FMLN [Farabundo Marti National Liberation Front] members not be allowed to participate in the commission until it is legally formed after a cease-fire is established.

[Begin recording of unidentified CPDN spokesman] In the name of the social forces, we denounce these dilatory

attitudes and formal discussions as ways of blocking the negotiation process. They are a provocation to the FMLN and disrespectful to the international community and the Salvadoran people, who are trying to advance the peace process as fast as our country's needs demand.

In light of those attitudes that do not favor peace, in the name of the social forces we demand the appointment of representatives of the FMLN, national government, and political parties to Copaz.

We also demand that the group be immediately summoned before ONUSAL [UN Observers for El Salvador] and the Archbishop of San Salvador to start supervising the implementation of human rights agreements reached in July 1990 and constitutional reforms agreed on in April 1991. The group must also supervise the creation of a new civilian national police, as ordered by the New York agreements and the Salvadoran people. Those agreements should already be in effect and need a group to report on the two side's roles in fulfilling them. [end recording]

There is concern that individual and political interests are being placed before the people's aspirations for peace. Representatives of almost 80 sectors of the country's social forces have proposed the formation of a committee that would be parallel to Copaz.

[Begin recording of unidentified CPDN spokesman] In order for Copaz to act with impartiality, we propose the formation of a committee within Copaz that can debate with and advise the representatives of the social forces that participate in the peace negotiations.

Copaz is permitted to create groups it considers necessary. Thus, in order for its work to be more impartial, we propose the formation of a committee to represent the social forces. [end recording]

The main objective is to ensure the prompt installation of Copaz, the CPDN member said. He also reported on the meeting scheduled for 10 October in Mexico City, when delegations from the CPDN and FMLN will discuss the agreements signed in New York. At that meeting the CPDN will also explain the social forces' expectations for the next negotiations between the rebels and the goverment set for 14 October.

Modesto Ramirez Command Warns of Military Action

PA0910201391 San Salvador DIARIO LATINO in Spanish 5 Oct 91 p 5

[Text] A communique issued by the Modesto Ramirez Command warns that the Armed Forces High Command is preparing for war, despite the New York peace agreements.

The Modesto Ramirez Command considers the agreements a victory in the political military struggle and expresses support and trust in the FMLN [Farabundo Marti National Liberation Front] General Command and its negotiating commission for the political will to end the war.

According to the urban guerrillas, the 15 September military parade; the swearing in ceremony for recruits in the military barracks of Zacatecoluca, Transmisiones, Cojutepeque, and Morazan; the distribution of weapons to civilian defense groups; and the increase in mandatory recruitment, road blocks, searches, and militarization of parks and work centers in the capital city of San Salvador are all proof of the Armed Forces High Command's war preparations.

The FMLN stresses that the "Armed Forces have used the war for their own profit. They have constantly subjected Salvadorans to kidnappings, repression, and endless psychological harassment."

The communique concludes: "We call on all Salvadorans to organize and fight to end the abuse of power and militarism in El Salvador so our people can enjoy a climate of peace with social justice."

Announces New Campaign

PA0910155391 San Salvador EL MUNDO in Spanish 7 Oct 91 p 7

[Text] After we had gone to press on 5 October we received a telephone call from the Modesto Ramirez Front Metropolitan Command of the Farabundo Marti National Liberation Front [FMLN] announcing that as of 3 October the front had launched a campaign called "Against Repression, Get the Garrisons Out of the City."

A Modesto Ramirez Front spokesman explained the specific goals of the campaign as follows:

1. To punish the Security Corps, which is responsible for repression and the "Death Squads."

2. To announce that we have already carried out the following operations:

A. An operation on 3 October in Cucumacayan.

B. An attack on 4 October on a National Guard member in Santa Anita.

C. An operation and ambush on the Panamerican Highway in the Los Chorros area.

D. A takeover of a stretch of 5 November Street, between 10th and 5th Avenues North in San Salvador at 0625 on 5 October.

The Modesto Ramirez Front spokesman said his command reiterates its support for the New York agreements, which it considers as marking the beginning of the end of militarism and abuse of power.

Five Killed in Fighting Near San Salvador

PA0910223791 Paris AFP in Spanish 2118 GMT 9 Oct 91

[Text] San Salvador, 9 Oct (AFP)—According to reports by eyewitnesses and soldiers, heavy fighting broke out this afternoon north of San Salvador, with an initial toll of five dead and more than 15 wounded among Army ranks. A sound technician from a local television station was also wounded.

The Armed Forces Press Committee (Coprefa) indicated that five soldiers of the 1st Infantry Brigade were killed and more than 10 soldiers were wounded in a guerrilla ambush in Apopa, 12 km north of San Salvador.

Journalists also confirmed that guerrilla columns have occupied Apopa's San Jose Las Flores neighborhood, where heavy fighting is taking place. The reports indicate that five soldiers were wounded there.

Miguel Angel Ortiz, sound technician of television Canal Doce, was shot in the leg while covering the fighting. Emergency services have reported that seven civilians who were wounded in the fighting have been taken to San Salvador hospitals.

Local residents reported that guerrillas of the Farabundo Marti National Liberation Front (FMLN) met with the people of San Jose Las Flores to tell them about their willingness to reach a cease-fire with the government in the negotiations that will begin in Mexico on 12 October.

Coprefa also reported heavy fighting throughout the day in Lolotique, Villa El Triunfo, and Jucuaran, in eastern El Salvador. It did not report the number of casualties.

Jury Absolves Group Accused of Killing Peasants

PA1010035391 San Salvador Radio Cadena Horizonte in Spanish 1230 GMT 9 Oct 91

[Text] A jury found 15 former members of a paramilitary group not guilty of the murders of 12 peasants in Los Mangos Canton, Armenia Jurisdiction, Sonsonate Department. The jury began deliberating yesterday morning on the guilt of the defendants, accused of killing 12 people and subsequently hurling them into a well. The trial concluded at 0500 after the verdict was made known and the defendants were released. The accused had been held in different jails since the early 1980's. The verdict has taken the public by suprise, as it was believed that sufficient evidence had been presented to prove the accused perpetrated the crimes in 1980 and 1981.

Guatemala

Serrano Speaks at Special OAS Session

PA0810145491 Guatemala City Teleonce Televsion in Spanish 1800 GMT 3 Oct 91

[Text] On 3 October President Jorge Serrano ended an official visit to Washington, where he spoke at a special OAS session.

Serrano's OAS meeting coincided with the continental organization's preparations to send a commission of eight foreign ministers to Port-au-Prince to attempt to restore democracy in Haiti.

Serrano focused on three main topics at the OAS: respect for human rights; Guatemala's pacification; and economic achievements. He discussed these same subjects on 2 October with U.S. President George Bush during a meeting at the White House that lasted over 40 minutes.

On the afternoon of 2 October, while Serrano was in Washington, Guatemala and the United States signed an agreement whereby a trade and investments council is to be established between the two countries. The agreement was signed by Guatemalan Finance Minister Richard Aitkenhead and U.S. Assistant Trade Representative Mike Pleshette. Pleshette welcomed the agreement, saying it creates a consultative mechanism that will strengthen trade and investment cooperation between the two nations.

The agreement focuses primarily on the supervision of trade and investment relations, the promotion of a free market, and the negotiation of future agreements between the two nations.

Finance Minister Aitkenhead and Bank of Guatemala President Federico Linares also took advantage of the visit to talk with IMF, World Bank, and Inter-American Development Bank officials about Guatemala's plans to normalize its financial relations with those institutions by paying its overdue debts.

In addition to his OAS visit, Serrano's itinerary included a few news interviews and a visit to San Antonio, Texas, his final stop before returning to Guatemala on 6 October, according to members of his entourage.

Casualties on Armed Forces Reported by URNG

PA0910034191 Panama City ACAN in Spanish 1511 GMT 6 Oct 91

[Text] Guatemala, 6 Oct (ACAN-EFE)—The Guatemalan guerrillas reported on 6 October that they had inflicted 19 casualties, including dead and wounded, on the Armed Forces during clashes that took place during the first days of October in the northern and northwestern regions of Guatemala.

In a "military report" made public on 6 October, the Guatemalan National Revolutionary Unity (URNG) stated that on 3 October the guerrillas had damaged an

Air Force helicopter while it was bombing a road in Peten Department, together with an A37B aircraft. This area is occupied by the guerrillas.

The report adds that on that same day, a military patrol was ambushed by a rebel unit in Chajul, in the northwestern department of Quiche.

According to the URNG, during these clashes, the soldiers sustained two casualties. The military report does not mention URNG casualties.

Nicaragua

Ambassador to Italy Comments on Chamorro's Visit

PA0910140591 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 8 Oct 91

[Report on interview with Dr. Alvaro Robelo, Nicaraguan ambassador to Italy, by unidentified reporter]

[Text] Dr. Alvaro Robelo, Nicaraguan ambassador to Italy, said in Rome that President Violeta de Chamorro's visit to France and Italy was excellent, positive, and important.

[Begin recording] [Robelo] I feel that Mrs. Chamorro's visit has served to expedite the bureaucratic movement for peace. I believe that Nicaragua will be receiving investments in the future and Mrs. Chamorro's presence has given these investors greater faith, hope, and assurance.

[Reporter] How would you describe relations between Italy and Nicaragua?

[Robelo] These may be termed as excellent because the Italian Government has the political resolve to back Nicaragua's current democratization and reconciliation process. [end recording]

UNO Accepts FSLN Proposal on Property Issue

PA0910194991 Managua BARRICADA in Spanish 8 Oct 91 pp 1,5

[Article by Roberto Larios]

[Text] The 14 UNO [National Opposition Union] political parties accepted the proposal made by the FSLN [Sandinist National Liberation Front] to join a political commission comprised of all the political parties represented in the National Assembly to contribute toward a negotiated solution of the property issue.

The UNO's acceptance of the 5 October proposal by FSLN Secretary General Daniel Ortega was announced to the national press last night by UNO Deputy Eli Altamirano at the end of a meeting with party leaders.

Altamirano said that in the last few hours he had personally spoken with Daniel Ortega and Deputy Dora Maria Tellez, both members of the Sandinist board of directors.

Mr. Eli Altamirano said: "We are not disturbed by this FSLN proposal. On the contrary, we applaud the fact that we are joining efforts to solve the property problem in a constructive manner."

At the end of the meeting, which took place at Communist Party headquarters in Ciudad Jardin, the UNO deputy said the negotiation with the FSLN is outside the parliamentary context and not within the framework of interstate relations.

Eli said: "It is an independent act by the political parties who will enact their own proposal to be presented and discussed along with that of the Sandinists."

This political commission is a parallel effort to that of the parliamentary commission that will transform the negotiated property agreements into a draft law.

The parliamentary commission met with the executive commission for the first time on 7 October.

Recontras, Sandinist Delegate Meet in Jinotega

PA0910193391 Managua Radio Sandino in Spanish 1200 GMT 8 Oct 91

[Report by Francisco de Jesus Rodriguez in Jinotega]

[Text] What was considered impossible months ago has occurred in Jinotega: the recontras and the Sandinists are looking for a solution to achieve stability and safety for the peasants in the country's northern zone. Encarnacion Valdivia Echavarria, also known as El Tigrillo, who was a Sandinist fighter, then a contra fighter, and is now a recontra, said the recontras commanders demand full disarmament. They also demand that President Violeta Chamorro fulfill the social and political pledges she made during the disarmament process.

[Begin recording] [Valdivia] It is true. We met three days ago to talk and see if we could reach an agreement on certain issues. We are studying the situation to see how we can (?find a solution).

[Rodriguez] Do you share the same views on a cease-fire?

[Valdivia] Certainly. We share the same views and hope that the general disarmament we proposed will be achieved to end the bloodshed. We also requested a meeting with the government to discuss the issue and request general disarmament. These people are also willing to give up their weapons. We would not pose an obstacle if they give up their weapons voluntarily because we intend to disarm ourselves if they do. There should be no more fighting and the war should end once and for all. We should, as Daniel Ortega said, finish off the war. The war will end if they turn in their rifles because we will turn in ours to achieve comprehensive

disarmament of the police and the Army. Mrs. Chamorro should fulfill her pledge to create an Army like that of Costa Rica, because she promised to. [end recording]

Encarnacion Valdivia Echavarria, also known as El Tigrillo; Alcides Rodriguez, also known as Bigote de Oro; and FSLN [Sandinist National Liberation Front] delegate Marvin Castro met on 7 October in El Granadillo, 30 km northwest of Jinotega, and discussed the possibility of attaining peace.

[Begin recording] [Castro] We agree that the two sides mistrust each other. The Sandinists mistrust the resistance forces and the resistance forces mistrust the Sandinists. This has precluded solving many problems. We have met and agree that we will not be manipulated by politicians who wish to cause a confrontation between us. The recontras represent themselves and they will defend their demands and interests because they have no politician acting as their spokesman. They agree that recalcitrant politicians use their names to present demands that were never made.

During the meeting we also agreed on disarmament of the population because agencies that were created for this purpose should be the only ones to have weapons, and because the most appropriate thing here is disarmament. We talked about the mechanisms. This is where we have some differences. We agreed that the police should not be controlled by a party and that it should defend the population rather than one particular group—meaning the Sandinists or the Nicaraguan Resistance [RN]. The police should fight crime and punish the culprits—whether they are Sandinists or RN members. They said the police should not be controlled by a party and I told them I fully agree. [end recording]

The recontra leaders and the FSLN delegate met and discussed general disarmament. El Tigrillo said the Sandinists should disarm and that the recompas [former Sandinist servicemen who have grouped together to face the recontras] should also put down their weapons. FSLN Delegate Marvin Castro said he will try to talk to the recompas.

[Begin recording] [Valdivia] We talked with Marvin about disarmament and we have emphasized...[pauses] exchanged views. He agreed that disarmament is necessary and that the FSLN should disarm at the national level. We have discussed the issue and we agree that Mrs. Chamorro should fulfill her pledge to create a police elected by the people, meaning a police recognized by the people—what we call a democratic police. Our weapons will be no obstacle because they are in safer hands and they can be turned in for the sake of democracy.

[Unidentified reporter] Have you issued an appeal to the recompas urging them to put down their weapons? Have you had any official contact with them?

[Valdivia] Well, we talked with Marvin and we asked him to contact them. It seems he has some control over them and he has promised that they can be contacted in a matter of days.

[Castro] I explained that we will strive to contact those people and explain what we have been doing to achieve a cease-fire. The problem, as I explained, is that they issued a communique two or three days ago but some groups attacked cooperatives and clashes occurred. The clashes continue—there was a clash in Zacatera recently—and they said they will not be held responsible for those who do not respect what is stated in their communiques. I told them that I would try to contact the recompas, meaning the groups that were organized given the need to defend themselves—given the lack of security. I will explain to them what we discussed. [end recording]

Sandinist Would-Be 'Intelligence Center' Found

PA0910154591 Managua LA PRENSA in Spanish 6 Oct 91 pp 1, 8

[Article by Roger Suarez M.]

[Text] A huge three-story building built by the Sandinist government in the Las Sierritas area in Managua, with 20,000 telephone lines and installations to operate thousands of computers, was possibly going to be used by the Sandinists as the most powerful espionage and intelligence center in Central America, according to people who have visited the place.

In 1987, residents of Las Sierritas in Managua, who live near Km 10-1/2 of the Masaya road, watched the speed and the effort with which teams of workers hired by the Interior Ministry constructed the huge building.

Interior Ministry representatives showed up at their homes to inform them that when the building reached its final construction phase, they would have to leave their homes and move to lands that would be assigned to them, according to residents' statements to LA PRENSA.

Some were moved to other areas and others stayed and waited until they were evicted. The Sandinists lost power in February 1990 and, as a result, had to cancel plans to turn the building into the principal center of Sandinist security operations, a symbol of what their administration would be in their new term of office.

Some 15 manzanas of land surrounding the cream colored building were fenced off by teams of Interior Ministry workers "but the truth is that during those years we heard they were planning to evict more people from their properties to isolate the building from the rest of the world," according to Luis Esteban Aburto, a young community leader who lives in Las Sierritas in Managua.

LA PRENSA tried to enter the building, which is protected by huge walls, but a young watchman told us "not

to enter because it is private property. You can only enter if you bring a note from Clarisa [not further identified]," he said.

After gaining the young watchman's confidence, he told us "inside are hundreds of well situated rooms and nothing else."

LA PRENSA photographers walked around the walls surrounding the building until they reached the Venezuelan Embassy, from which the huge cement building can be better observed and photographs may be taken.

Officials of the new government inspected the building twice and determined that there were plans to install complex and sophisticated communications systems.

Area residents asked President Violeta Chamorro as she attended a birthday celebration for Cardinal Miguel Obando y Bravo last year to turn the building into a hospital or a school.

According to Aburto, the president said that she was going to order an investigation of the mysterious building. Other sources told LA PRENSA that the government has already "recovered the building."

Aburto said that when the Sandinists lost the elections, Interior Ministry officials drove up to the building in small trucks to steal toilets, typewriters, and other articles from the warehouses.

"The building was looted last year and I was told the same people came back three months ago to steal all the glass," according to Aburto, who does not rule out the possibility that despite the looting "valuable articles may still remain in underground warehouses."

He added that a few months ago the Sandinists put up a sign announcing the building would be turned into a hotel. "They said a man from Montelimar would be the manager," Aburto said.

"But the people here do not want any more motels or hotels, they want the government to start building a hospital or a school so we can all benefit from the place," Aburto concluded.

EPS Denies Reports of Recontras Stealing Arms

PA0910163991 Managua BARRICADA in Spanish 8 Oct 91 p 5

[Text] Lieutenant Colonel Ricardo Wheelock, head of the Public Relations and Foreign Department of the Sandinist People's Army (EPS), said he does not know where LA PRENSA got its information that recontra units in El Ayote, Region 5, stole a large quantity of weapons and kidnapped several soldiers, including a major. This information was published by LA PRENSA on 7 October.

Wheelock stated to BARRICADA: "I was questioned about this before, and I said it was not true." Lt. Col. Wheelock added: "When LA PRENSA called, I consulted with the High Command, and even with the Military Commander of Region 5, and the answer was always negative; nothing of the sort took place."

According to Wheelock, LA PRENSA also told him of EPS helicopter bombings of recontra positions. Lt. Col. Wheelock said that these are normal helicopter flights to La Pinuela, where a disarmament commission is collecting weapons "from friend and foe alike."

The military spokesman said the recontras made the surrender of their weapons conditional on EPS withdrawal from Santo Domingo and other municipalities. This does not depend on the Army but on the government, which gives the orders.

Conflicting Reports on Incident

PA0910184391 Managua Radio Ya in Spanish 1200 GMT 8 Oct 91

[Text] Thirty-four policemen and Army soldiers were captured last week by recontra leaders operating in Region 5. The policemen and soldiers fell victim to a trap set by the recontra leader known as El Rojito, who allegedly invited them to a peace meeting. The capture of the 34 policemen and soldiers, including two EPS [Sandinist People's Army] officers, occurred on 4 October in El Ayote. The kidnapped officers are Orlando Perez Lopez, from the EPS, and Lieutenant William Padilla, police chief, Santo Domingo, Chontales Department.

The recontras sent a communique to Government Ministry Delegate Joaquin Villalobos to demand the Army's withdrawal and for the CIAV [International Support and Verification Commission], an organization that protects them in Nicaragua, to remain in the area.

Region 5 military sources report that the recontras arrived in El Ayote from northern El Rama because they had heard reports of an uprising in Managua. Reports state that the EPS' 52d Brigade Commander began talking with the recontra leaders and suggested that the CIAV be present to hear the report on the situation. The report says the recontras withdrew without encountering any problems with the EPS.

Police, Army Begin To Disarm Civilians

PA0910204291 Managua LA PRENSA in Spanish 3 Oct 91 pp 1, 12

[Report by Roberto Orozco]

[Text] The National Police and the Army began on 3 October a nationwide disarmament operation that constitutes the "first push" in the third and final phase to remove weapons from civilian hands.

Managua was "inundated" this morning with policemen and soldiers, who erected roadblocks at the city's major

entry and exit points. This weapons search is the largest since the inauguration of Violeta Barrios de Chamorro's government.

Government Ministry spokesman Frank Cesar stated that this operation covers the capital cities of all departments but not the departments' municipalities and localities. To date, the country's armed institutions (the Police and Army) have seized over 134,000 weapons. According to Cesar, it is believed that there are from 80,000 to 100,000 weapons in civilian hands.

The agents, who stopped and searched a large number of cars, told occupants to get out of the vehicles so they could do a thorough inspection. Two AK rifle bayonets and one U.S.-made 9-mm Browning automatic pistol were discovered at a police roadblock located at Managua's northern exit on the Panamerican Highway.

According to the police, this operation is aimed chiefly at seizing weapons from civilians, but it also seeks to curb cattle rustling and illegal timber traffic. "Our orders are to arrest anyone carrying rifles without legal documents," the police lieutenant in charge of the northern highway roadblock said.

Reports from the country's northern area indicated that large troop movements were detected last night, chiefly in Jinotega, Chontales, and Nueva Segovia Departments, although the numbers of soldiers were not given. Cesar added that Government Minister Carlos Hurtado gave the order to seize all illegal weapons. Officials of different government branches who carry weapons were already notified to avoid any inconvenience.

"These operations are permanent and will be carried out over periods of time," Cesar noted. He declined to comment further lest he reveal technical aspects of the operations. "In one case, a driver threatened another driver only because the latter did not heed a traffic signal to avoid a collision," Cesar added.

The Government Ministry official explained that this operation represents the first push in the third phase of civilian disarmament and will culminate with actions by the Special Disarmament Brigades. These brigades will constitute a special uniformed corps devoted solely to seizing weapons throughout the country, continuing the work of the Army and police at the start of the third phase. They will be ready for action in early November and will begin when the National Security Commission, chaired by Hurtado, gives the order.

"The results of this first operation will be announced 7 October at the latest," Cesar concluded.

Panama

Planning Minister Ford Promotes Economic Reforms

PA0810044391 Panama City LA PRENSA in Spanish 2 Oct 91 p 1a

[Report by Manuel Alvarez Cedeno]

[Text] Guillermo Ford, minister of planning and economic policy, stated that the administration elected in 1994 will find all the economic problems solved due to the efforts of the current administration in implementing an economic program.

During a 4 October meeting with international correspondents accredited in Panama, Ford explained some details related to the agreements obtained with the International Financial Institutions (IFIS). Ford said that "the government that takes over in 1994 will find its table clean and all its problems solved."

The agreement with the IFIS includes credits and disbursements for Panama amounting to approximately $700 million during 1992. Before that can take place, the government must implement tax legislation and social security reforms. It must also cut the state payroll by 3 percent through a privatization program, retirement, and voluntary resignations.

Minister Ford reiterated that if Panama has not complied with the agreed upon terms by November, when the IFIS are scheduled to meet again, the plan to modernize the Panamanian economy will be postponed.

Regarding criticism of the economic program made by sectors close to the Association of Panamanian Industrialists (SIP), Ford pointed out that some members of this association are "starting to sound like scratched records. I will always listen to them, but I will never accept orders from them or anyone."

Minister Ford also pointed out that an important element in attracting foreign investment is "peace and stability, because where these are lacking, there are no investments." He continued to add that as long as Panama is serious about normalizing its relations with the IFIS, the results will be "positive."

Ford says he believes that, in general terms, the services offered by the government are "deficient, expensive, and bureaucratic", so that when reference is made to modernizing the state "we are referring to total modernization."

Unions, Industrialists Counterpropose

PA0810164391 Panama City EL PANAMA AMERICA DOMINICAL in Spanish 6 Oct 91 p 8D

[Article by Juan M. Diaz]

[Text] Groups of industrialists and labor unions in the country have issued a counterproposal to the economic plan presented by Second Vice President Guillermo Ford, listing alternative measures to achieve sustained economic growth without having to implement a structural adjustment plan that involves the dismissal of public employees and threatens the nation's industrial stability.

The document explains that the Panamanian economy has been characterized by a concentrated growth model

that is restricted to a series of traditional services. Consequently, it involves certain problems, the roots of which are characteristic of the production structure.

The counterproposal says the chronic unemployment prevailing in the country includes 17 percent of an economically active population; investments prove insufficient to generate and replace jobs or to provide the government with the funds necessary to meet its public debt commitments. Poverty proliferates throughout the country.

The coordinated program for economic development, prepared by the Trade Union of Panamanian Industrialists and the Confederation of Workers of the Republic of Panama, proposes the creation of an emergency social action plan that includes public investment and increases the amount of assets, social services, and financing available for enterprises capable of creating productive jobs.

The document also proposes short- and long-term policies that must be implemented simultaneously with the emergency measures. These policies include: the construction of an infrastructure incorporating the entire country in a national development plan; the exploitation of the canal's resources; the modernization and transformation of the production structure, primarily in the agrarian and livestock sector; industrial modernization; and diversification of resources.

The counterproposal also outlines a foreign debt policy aimed at fulfilling international financial pledges to the extent that this does not preclude development and the fulfillment of people's basic needs. It also includes a modern outlook on the state's institutional structure and the implementation of its development programs.

Paper: Nation Faces Dangerous Financial Future

PA0810041591 Panama City CRITICA LIBRE in Spanish 6 Oct 91 p 4

[Editorial: "Backed Against the Wall"]

[Text] An element of extreme danger to the peaceful existence of Panama arose from statements made by Guillermo Ford, the minister of planning and economic policy. Ford said that the IFI's, the International Financial Institutions, are telling Panama that they will not renegotiate the issues of debt or financing if the regime of President Guillermo Endara pays government employees the 13th month bonus. The Supreme Court ruled the [Noriega] dictatorship's decree that suspended the benefit unconstitutional, thus reinstating the payment.

The negotiations, which have lasted for several months and have required the presence of negotiators in Washington D.C., are directed at finding an understanding that would allow Panama to recover its status as creditworthy. This will enable Panama to receive financing, loans, and monetary arrangements to forward its national recovery plans. If these talks cease we will find ourselves on a dead-end street where the regime of President Endara will be unable to find solutions for the country's serious problems.

This dilemma places the government in a position where, if it pays the bonus, it will lose all the ground it has gained. If it does not pay, it will then create an uprising of protests by employees that could turn into street clashes, strikes, and a souring of public and social life in Panama.

The two alternatives have specific aspects. The first is directed at meeting responsibilities of the foreign debt; the second has to do with the social debt. The regime must evaluate the results of each to find the best solutions, without breaking the law and without courtroom decisions, to meet the workers' expectations.

When the Supreme Court handed down its decision that left the decree that suspended the payment of the 13th month bonus without effect, Panama had a budget and financial commitment to cut almost $24 million from the government payroll. This would be achieved through the proper mechanisms: voluntary layoffs, retirements, and the privatization of state companies, which will not be feasible due to the constitutional ruling.

This juncture requires a historic decision: If the regime decides to comply with the foreign agreements, popular support will quickly diminish and it will have the dagger of discontent in its bureaucratic system. That will reduce efficiency and tranquility. If it pays, it will have to work out an agreement among vital internal forces, civic and political groups, and labor, so as to find Panamanian national unity in a patriotic pact. Such a pact would allow us to reach levels of production, productivity, and freedom for workers and management capable of overcoming the harshness of the crisis that will worsen with the IFI's pulling out.

The Endara regime will have to work "with its back against the wall" with tact, intelligence, and wisdom, so as not to go back over the path of social discontent. This path will only lead us into a state of scarcity, such as that suffered by Haiti, where a military upheaval seeks to drown the people's achievements and divide the Caribbean nation in a fratricidal encounter, and appears as a vivid example for Panama, as it faces the dilemma of foreign debt or social debt.

For the above reasons, this newspaper once again calls for a social and political truce, during which all Panamanians must renounce personal intentions and ambitions, and reach a lifesaving solution. If we do not, then emptiness and collective disaster will be the path we will travel—very soon.

Civic Crusade Not Aiming To Topple Government

PA0810134491 Panama City LA PRENSA in Spanish 7 Oct 91 p 17A

[Report by Wilfredo Justavino]

[Text] David—The Civic Crusade is not interested in overthrowing the government that the organization helped establish and supports, leader Miguel A. Brenes has said.

He said that the Crusade has changed its method of struggle but it still represents democratic aspirations by criticizing the government and pointing out its mistakes so they can be corrected.

Brenes said that the stand of the Civic Crusade has not changed, but the organization aims to consolidate democratic principles by stimulating civic awareness so people will express opinions on the political situation.

For several months, Civic Crusade has been conducting workshops throughout Panama to train individuals in the practice of democracy in the community. The workshops are directed at students, housewives, and peasant and community leaders.

Brenes said that these workshops are necessary because of the absence of knowledge on what Panama should be like. "Panamanians are not familiar with the nature of a democratic society," he said.

"As Civic Crusade members, we cannot attack our own government." He added that there is still some instability. "We are not interested in overthrowing a government we have supported. Maybe it would be better if we serve as advisers or domestic critics."

Brenes said that the Civic Crusade is aware of the government's mistakes. He noted particularly the "widespread and open nepotism," which makes it necessary to criticize the government continually.

He said finally that the Panamanians expected a government open to the public and not one that conceals its errors, as the present officials have done many times. Hence the disappointment of the great majority of the country's 2 million inhabitants, he concluded.

National Police Director Resigns From Party

PA0810160891 Panama City CRITICA LIBRE in Spanish 6 Oct 91 pp 1, 31

[Report by Justino Gonzalez, Jr.]

[Text] National Police Director Gonzalo Menendez Franco resigned from the Arnulfist Party on 5 October as requested by President Guillermo Endara Galimany after breaking the law by attending the party's convention.

In a letter and personal appearance before the Electoral Organization Directorate of the Electoral Tribunal, the National Police director resigned from the Arnulfist Party, which he had joined more than 10 years ago.

Speaking to CRITICA LIBRE on 5 October, Menendez Franco said he has not received notification that he will be temporarily removed from his post, as was reported by local news media.

Despite the fact that Menendez Franco violated the law, the president confirmed him in the post of National Police director, citing his "efforts to achieve democracy and reduce crime. [no closing quotation marks as published]

Gonzalo Menendez Franco must appear before the Attorney General and give a sworn statement in response to the suit filed against him by the opposition Democratic Revolutionary Party [PRD]. The PRD has charged Menendez Franco with participating in party politics. The Christian Democratic Party will reportedly file the same charge against Menendez Franco this week.

Legislators have said that the National Police director's resignation from the Arnulfist Party paves the way for "parliamentary peace" in the wake of the heated debates that took place 3 October. During the legislative sessions held on 3 October, Juan B. Chevalier, minister of government and justice, answered questions on Menendez Franco's attendance at the Arnulfist Party convention held last week in Penonome, Cocle Province.

The National Police director used the Constitution to justify his participation in party politics but vowed to respect the executive branch's prohibition on these activities.

Soviet Shipping Companies Registering Locally

PA0810033691 Panama City EL PANAMA AMERICA DOMINICAL in Spanish 6 Oct 91 p 1A

[Article by Maricarmen Sarsanedas]

[Text] Soviet shipping companies will begin operations in Panama for which the registration of a fleet of approximately 50 ships has been initiated in the Panama Public registry, EL PANAMA AMERICA has learned.

According to Lloyd's List International published in September, the seven largest Soviet fishing companies want to establish their new base of operations in Panama, given the ship registration facilities that our country offers.

A delegation of the Ocean Reefer Transport—the new company formed by these consortiums—recently traveled to Panama since the international banks have agreed to grant financing based on the guarantees that Panama offers as opposed to those offered by the USSR.

The Soviet shipping company plans to establish a base in Panama, with its main headquarters in New York, and also to transfer to Panama its fishing operations, currently established in Peru.

For this operation, Soviet personnel would be transferred from the USSR to Panama by airplane to subsequently board ships in the Balboa or Vacamonte ports.

According to what EL PANAMA AMERICA has learned, the Soviet company also plans to send to Panama a ship to investigate deep sea fishing to assess the possibility of developing this activity here.

For the time being, 10 ships have already been registered and there have been conversations with high government officials who have recommended an analysis of the project, as well as a follow-up to the changes and events in the USSR that could have a direct bearing on the fishing project.

Ad Hoc Commission's Report on Reverted Areas

PA041035291 Panama City LA PRENSA in Spanish 1 Oct 91 p 17A

[Report on the reverted property and the future administration of the Panama Canal presented by an Ad Hoc Commission to President Guillermo Endara in Panama City; date not given]

[Text] The following is the report that the Ad Hoc Commission has presented to President Guillermo Endara Galimany on the reverted property and the future administration of the Panama Canal. This commission was formed by Joaquin J. Vallarino Jr., Roberto Brenes, Fernando Cardoze, Guillermo Chapman, Diogenes De La Rosa, Adolfo De Obarrio, Luis Eduardo Guizado, Guillermo Quijano Jr., Jorge Riba, and Olimpo Saenz.

I. Introduction

On 14 May of 1991, You [the president] appointed a high-level Ad Hoc Commission to make urgent recommendations regarding the future administration of the Panama Canal and the reverted areas or those areas that are going to revert in accordance with the 1977 Panama Canal Treaties.

During the first 12 years of the implementation of the treaty, that is, between September 1977 and December 1989, the Panamanian Government limited itself primarily to fulfilling its direct obligations resulting from the treaty. However, little progress has been made on the design and execution of an integral strategy for the use and development of the reverted property and the organization of the future agency that will administer the canal, once it is turned over to Panama.

On 14 January 1991, the government approved Law 1, "whereby urgent measures have been adopted" regarding the reverted property. The aforementioned law is beneficial in that most of the reverted property, which is currently owned by the government, can now be sold to be used for private purposes. However, it fails to create a quick mechanism for preparing, discussing, and implementing a plan on the use, administration, and development of the aforesaid property.

Having said this, the Ad Hoc Commission began working on 16 May. The recommendations in this document are the product of our deliberations and consultations and they reflect the guidelines and ideas that you suggested.

For the sake of convenience and given the express aims of this document, we must define in this memorandum the following terms:
A. "Canal Area"—The former Panama Cana Zone.
B. "Inter-oceanic Region Authority"—The autonomous entity whose creation is recommended in this memorandum for the planning, promotion, development, and administration of the reverted property.
C. "Reverted Property"—For the preparation of the general plan on the use, preservation, and development of the canal area, the reverted properties are the land and installations that have been reverted or will revert by virtue of the treaty, excepting the canal and its area of operation. For administrative purposes, however, reverted properties consist of the lands and installations that have reverted or will revert to Panama according to the Treaties, with the exception of the following:
1. The canal and its area of operation.
2. The ports of Balboa and Cristobal and their facilities.
3. The Panama railroad and its facilities.
4. The canal's hydrographic basin.
5. The housing.
6. The schools, health centers, post offices, and similar public service works and installations, such as electric energy and telephone posts and cabling, the drainage and sewage system, landfill areas, potable water tubing and treatment plants, roads, squares and parks, and their adjacent areas.
D. "Canal"—The Panama Canal and its area of operation.
E. "Interoceanic region"—All the reverted properties.
F. "The Canal Administration Agency"—The autonomous institution whose creation is recommended in this memorandum for the administration of the canal when the Treaties expire.
G. "Treaties"—The 1977 Panama Canal Treaties.

II. Reference Framework

The incorporation of the former Panama Canal Zone into national development affords a unique opportunity to establish the bases for a modern and prosperous country, so long as its potential is used to the fullest. To achieve this integration, however, several obstacles must be overcome.

The tone at home and abroad is at best one of skepticism. Much uncertainty and even mistrust exists among the Canal users and the international community in general, regarding our capabilities to assume our new responsibilities to exploit the reverted properties and the administration of the Canal. The absence of overall plans and of a properly structured strategy for the

development of the reverted properties, as well as the railroad's financial losses and the huge costs that the Canal's terminal ports have entailed for the Panamanian economy, reinforce this attitude.

The matter of the reverted properties is important because the actions of the Government of Panama will be interpreted as an indicator of future performance regarding the running of the Canal when it is transferred to Panamanian control.

The pace of the expansion of Panama's economic activity, which decreased in the 1970's and 1980's compared to previous decades, has yet to recover the level necessary to reduce poverty and unemployment. Our economy needs new sources of growth to reach the momentum that our needs require, and the development of the interoceanic regions represents a fundamental element toward that goal. In addition, its effective incorporation into our national life would be a key element in the national project we need to establish.

III. Objectives

With the transfer of the reverted properties and the canal we face a great challenge in our national history which forces us to clearly define our objectives. We have identified these objectives as follows:

A. To initiate, in the short run, an appropriate use of the reverted properties in a harmonious manner to promote employment, revenues, and wealth for Panama and promote our traditional advantage, which lies in the geographical position of the Isthmus of Panama.

B. To integrate, as much a possible, the development of the interoceanic region with the operation of the canal. Among other things, consider a toll rates policy designed to maximize ship transit through the canal that will cover operating costs and infrastructure projects necessary to maintain the interoceanic waterway in optimum competitive conditions to offer reasonable benefits to Panama.

In defining these objectives, it must be kept in mind that there is a delicate and important interdependency between the economic success of the canal and the rest of the interoceanic region. The benefits Panama could obtain from the reverted properties depend, to a great extent, on the canal maintaining its strategic value to the world economy, which will be the result of a direction that can guarantee its efficient and dependable operation, and a clear-cut, stable, and reasonable toll rates policy.

C. The establishment of two efficient, adequate, and independent organizations. One to handle the planning, promotion, and administration of regional interoceanic development. The other to handle the responsibility, in a very subtle and trustworthy manner, of managing the canal from the date of its transfer. Until the treaty expires, this organization will act as a transition organization between the federally administered Panama Canal Commission and the Panamanian administration.

First of all, we have recommended separating the planning, promotion, and development of the reverted property from the management of the canal into two parallel, capable, autonomous institutions independent from political party upheavals. This recommendation is based on the following reasons:

A. The management of the canal and the planning, promotion, development, and management of the reverted properties constitute two different activities, and they are projects too complex to assign to one entity.

B. The canal will revert on 31 December 1999, however, the reverted properties could and should be integrated now into the development strategy of Panama, specifically relating to the development of the cities of Panama and Colon.

IV. The Interoceanic Region Authority

The Interoceanic Region Authority issue has been divided as follows:
A. Interoceanic Region Authority's organization and direction, goals, supervision, and finances.
B. Use and administration of the reverted properties.
C. Adoption and execution of the general plan for the canal area's use, conservation, and development.
D. Coordination between the Interoceanic Region Authority and other state institutions responsible for handling reverted properties.

We will now develop each of these subtopics:

A. Interoceanic Region Authority's organization and direction, goals, supervision, and finances.

1. Organization and direction.

We propose the creation of an Interoceanic Region Authority, autonomous and independent of the Executive Branch, and parallel to the body that administers the canal.

Its leading functions will be to plan, promote, develop, and administer the reverted properties within the framework of the general plan adopted for the use, conservation, and development of the canal area, and the modifications required by circumstances.

The Interoceanic Region Authority should be subjected to legal arrangements to ensure that its direction and administration are free from the influence of party politics, thereby enhancing the efficiency of the planning, promotion, development, and use of the reverted properties. For these reasons, we are not in favor of creating a Reverted Properties Ministry.

Meanwhile, to avoid duplicating the weaknesses usually found at autonomous state institutions, we propose that

the Interoceanic Region Authority exclude political figures, such as ministers of state and legislators, from membership in its directorate and administration.

Regarding these decisionmaking and administrative bodies, we specifically propose the following:

A. Decisions on administrative policy and other highly important issues be adopted by a board of directors formed by nine capable and honest citizens appointed by the Executive Branch and ratified by the Legislative Assembly. These members will be appointed for staggered periods sufficiently long enough that no government will have to appoint the majority of its members.

To aspire to a directorate post, important requirements must be met regarding education, capability, honesty, and experience. The causes and procedures for dismissal would also be established.

B. The chairman of the board of directors will be selected by the members of the board and he will be, simultaneously, the authority's executive director and legal representative. It may also be established that at least two-thirds of the board of directors must vote affirmatively, to ensure that the most competent individual will win. This official would have the ranking of a minister of state. The individual selected by the board of directors must have the approval of the president of the Republic and be ratified by the Legislative Assembly.

2. Goals.

In contrast to other autonomous state institutions, the Interoceanic Region Authority will establish relations with the private sector and international investors. Meanwhile, the similarity of goals shared by the Interoceanic Region Authority and the proposed canal administration body demands that both follow an administrative philosophy that will foster technical excellence and administrative stability and efficiency.

Therefore, we believe that the Interoceanic Region Authority should set the following goals:
A. Unite in one body the planning, promotion, development, and administration of the reverted properties as an integrated whole.
B. Promote the economic exploitation of the reverted properties, primarily by private institutions.
C. Gather and coordinate, through the Interoceanic Region Authority, all procedures involving other central government institutions, autonomous or decentralized institutions, and muncipalities.
D. Supervise the transfer of properties to the Panamanian Government by the Government of the United States of America, to ensure that they are given the best use possible.
E. Coordinate with the body that administers the canal to make the development of the Interoceanic Region as harmonious as possible with canal operations.

3. Supervision and finances.

The Interoceanic Region Authority would be subjected to the following guidelines:
A. It would be financed in accordance with the rules, bonuses, and other income from concessions and services, in addition to other resources assigned by the state, the management of which would be independent of the state budget and subjected to constitutional legal rules and to the supervision of the Office of the Comptroller General of the Republic.
B. It would have personnel, contracting, and administration policies based on clear rules of job classification, salary, contracts, and personnel discipline.
C. It would be subjected to a financial administration process based on a five-year budget plan under modern accounting rules approved by its board of directors, and to constitutional and legal budgetary arrangements.
D. It would be subjected to external audits, in addition to supervision by the Office of the Comptroller General of the Republic, and the results would be published annually.

B. Use and Administration of the Reverted Properties.

As opposed to the Panama Canal Authority, which was created in 1978 to receive the property of the reverted areas, we propose that the Interoceanic Region Authority be solely responsible for planning, promoting, and administering the use, preservation, and development of the reverted properties.

Subsequently, the Interoceanic Region Authority would be tasked with planning, promoting, developing, and administering the reverted properties, without affecting the ownership rights of the nation. While exercising its administrative authority and developing the general plan for the use, preservation, and development of the canal area, including its changes, the Interoceanic Region Authority would be responsible for granting concessions to third parties, based on titles acquired by purchase or lease.

To that effect, it would be appropriate to implement a mechanism that will ensure clarity and justice in the adjudication of such concessions, but that will be more expeditious than the current public contracting system, established in the Fiscal Code.

By granting authority to the Interoceanic Region Authority to promote, develop, and administer the reverted properties, legislative approval of its law would be facilitated, because:
1. The ownership of the property would remain in the hands of the nation.
2. In any case, the promotion, development, and administration of the reverted properties would be subject to the general plan for the use, preservation, and development of the canal area, including its modifications.

Meanwhile, prior to the sale of reverted properties, the Interoceanic Region Authority would have to make a recommendation to the Executive Branch and the Cabinet Council would have to grant its approval. To that

effect, a special procedure, which will be more expeditious than the current public contracting system, would be adopted. This procedure would ensure clarity and justice in the adjudication process.

We think that it is important that the promotion, development, and administration of the reverted properties be an exclusive prerogative of the Interoceanic Region Authority. This will highlight the authority of the agency in granting effective concessions without requirements for licenses, permits, or authorizations from other state agencies. Experience has demonstrated that, without this concentration of power, development agencies lack effectiveness, as was the case of the defunct National Investments Council (CNI).

C. Adoption and Execution of the General Plan for the Canal's Use, Conservation, and Development.

Without affecting the progress made on the preparation of the general plan for the use, conservation, and development of the canal area, the primary function of the Interoceanic Region Authority would be to promote the adoption of such a general plan. This authority would later be tasked with the duties to plan, promote, develop, and administer the reverted properties, within the framework of the general plan.

Once the authority has been created, all the functions and responsibilities pertaining to the implementation and fulfillment of the general plan for the use conservation, and development of the canal area would be immediately transferred to the Interoceanic Region Authority, together with the capital, documents, and personnel from all other agencies dealing with the reverted properties. The functions and responsibilities of the Foreign Relations Ministry regarding the reverted properties and the fulfillment of the treaties should be excluded from this provision.

We also recommend that all aspects pertaining to the negotiations, contracts, coordination, and investigation, as well as technical and international financial assistance on the reverted properties, be centralized at the Interoceanic Region Authority.

D. Coordination Between the Interoceanic Region Authority and Other State Institutions Responsible for Handling Reverted Properties.

Among the most serious problems that have been confronted regarding the orderly development of the Interoceanic Region Authority are the proliferation of agencies and entities responsible for handling the reverted properties and the lack of coordination among them. To face this shortcoming, we suggest that several of these entities be eliminated and their functions be centralized at the Interoceanic Region Authority. We recommend that to facilitate the planning, promotion, development, and administration of the reverted properties and to attract foreign investment interested in its development, the Interoceanic Region Authority create a single office for all transactions dealing with the implementation of projects on the reverted property.

V. The Canal Administrative Agency

Regarding the institution that should administer the canal, we suggest the creation of a capable and completely autonomous administrative agency, independent of partisan politics. This means an organization that will administer and operate the canal, the country's most important physical asset, above any political situation or relationship, for the benefit of its sole owner, the Panamanian state.

In order for this agency to be truly autonomous and independent, we suggest that it be created by constitutional reform. This reform would also establish the independence of the agency by establishing certain basic administrative guidelines such as: independence from national political fluctuations; a labor policy based on the merit system; and a toll policy that is consistent with the development goals of the interoceanic region and the operation of the canal and complies with the two-fold purpose of preventing a decrease in income from the canal and guaranteeing funds for new investment and maintenance of existing installations.

Regarding the internal structure of the Canal Administrative Agency, we suggest that the present Panama Canal Commission internal structure be followed as closely as possible, while staying consistent with our juridical order. This agency would then constitute a parallel entity to the Canal Commission, thus easing the transition from an entity controlled mainly by the United States, to an entirely Panamanian one.

The administrative agency could have a board of directors, an administrator, a deputy general administrator and, perhaps, one or more advisory boards.

The board of directors could include nine persons who, because of their background and experience, would contribute to a better direction of the canal's operation.

The members of this board of directors would be appointed in such a way that the efficiency, stability, and continuity of canal operations is guaranteed. The executive branch would appoint the other directors, who would in turn be confirmed by the Legislative Assembly.

In addition, very significant requirements would be necessary to become a director; in such fields as education, capacity, integrity, and experience, in order to provide further safeguards to the independence and capability of the persons that comprise the board of directors. The causes and procedures for their removal would also be defined.

It would be the responsibility of the board of directors to select an administrator. It could be determined that to be elected, a candidate must receive no less than two-thirds of the board members' votes to insure that the elected official will be the most competent of those sectors

represented on the board. The person selected as administrator of the Canal Administrative Agency by the board of directors must be approved by the president of the Republic and confirmed by the Legislative Assembly.

Besides the board of directors and the administrator and deputy general administrator, the creation of one or more consultative boards without decisionmaking authority could also be considered. The users and the employees of the canal would be represented on the board, as well as other sectors or entities.

Thus, the autonomous and independent administrative agency of the canal would emerge from the Constitution itself, which in turn would indicate the minimal guidelines it would have to obey. The election of the board of directors would be planned in such a way that no government would be able to appoint the majority of the members of the board of directors. For the election of the directors, there would be strict requirements regarding education, capacity, integrity, and experience.

The aforementioned safeguards are meant to ensure the autonomy, independence, and capacity of the administrative agency of the canal, its directors, and the administrator and the deputy general administrator and protect them from partisan politics.

VI. Measures To Create the Interoceanic Authority and the Canal Administrative Organization

The work to draft, promote, and seek the enactment of the charters of the Interoceanic Region Authority and the Canal Administrative Organization requires great skill and effort because these are vital topics for the nation and the object of intense interest on the part of all the people.

The approval of the corresponding legislation depends on the realization of a successful consultation plan. This matter requires a strategy that involves the effective participation of all sectors of the public and the major political parties in the government and opposition.

In order to further the consultation process to draft these bills, we recommend appointment of a presidential commission for the creation of the Interoceanic Region Authority and the Canal Administrative Organization. This presidential commission must comprise highly prestigious citizens with special qualifications on the topics to be handled, National Legislative Assembly members, and political leaders.

Some of the tasks to be performed by the Presidential Commission are as follows:

A. To draft the bill on the charter of the Interoceanic Region Authority. To that effect, it will conduct technical, economic, and legal research, as well any other kind of research that it deems necessary.

B. To draft bills on constitutional amendments and the charter of the Canal Administrative Organization. Toward this goal, it will conduct an in-depth study of the following documents and matters:

1. The functioning of the canal;
2. The different bills that have been drafted at the National Legislative Assembly in the past;
3. The rules and regulations of the former Panama Canal Company;
5. [number as published] The rules that regulate labor relations in the Panama Canal Commission;
6. The canal's financial structure;
7. The policy on tolls, guidelines regulating tolls, and procedures to review them;
8. Navigation rules in the canal;
9. Compensation guidelines in cases of accidents in the Canal;
10. Guidelines to draft and approve the budget; and
11. Auditing and supervisory mechanism.

C. When drafting the charter bill, it must also consider the advisability of tasking said organization with the administration of the hydrographic basin. It must also study whether it is advisable to give that organization the ownership and administration of the Balboa and Cristobal port areas and the transisthmian railroad as well as other means of transportation that are considered essential for the functioning of the canal, thus reinforcing the international competitiveness of the transisthmian structure.

D. To draft recommendations to the government on the reforms that are to be made in the next few years within the administrative system of the current Panama Canal Commission to ease the transition from one U.S. Government agency to the Canal Administrative Organization.

F. [letter as published] To conduct an extensive consultation process on these bills with all local sectors, including the following persons and organizations:
1. Professional, technical, civic, and political trade unions and organizations.
2. Business and labor organizations.
3. Specialized government organizations and departments and autonomous entities connected to these matters.
4. Universities.
5. The Panama Canal Commission.
6. National study centers.

G. To draft bills and constitutional reform bills related to the Canal Administrative Organization within the framework of these recommendations and to submit them for the consideration of the Executive Branch with the respective explanations of reasons.

H. To cooperate by informing the Cabinet Council about these projects as well as the National Legislative Assembly and the public once the bills have been formally submitted.

The national government is to provide the presidential commission with office space, personnel, furniture, stationery, and the necessary funds to fulfill its duty. It will be up the commission to adopt its own internal regulations and appoint a coordinator and executive secretary.

VII. Transition Measures

As we said in the introduction of this memorandum, we believe that the basic problem in complying with the objectives of Law 1 of 1991 has been the absence of an executive agency of the Advisory Council to conduct the preparatory work so that the Council can adopt the following measures:

A. Issue decrees regulating the protection and use of reverted properties.

B. Propose, for the approval of the Cabinet Council, the reference points for drafting a general plan for the use, conservation, and development of the canal Area.

C. Prepare the basis for contracts and services of individuals or firms to draft the general plan. Supervise, and follow up the work of the contractors.

D. Draft the general plan and propose it to the Cabinet Council.

E. Supervise the transfer of properties to the Panamanian Government by the U.S. Government to ensure the best utilization of those properties.

Therefore, we recommend that while the law is being drafted, consulted, and approved—an effort that will take time due to its nature and complexity—Law 1 of 1991 be considered the basis for that law. In that sense, we recommend the creation of an executive directorate of the Canal Area Advisory Council. That executive directorate would carry out the preparatory work to enable the Advisory Council to adopt the aforementioned measures.

In that manner, by the time the Interoceanic Region Authority is created, significant progress will have been made in the process of drafting and implementing a general plan for the use, conservation, and development of the canal area.

In order to give the Executive Directorate as much authority as possible, it should be under the direct responsibility of the Presidency of the Republic. The executive director should have the rank of director of an autonomous institution. That directorate should assume the functions, personnel, and equipment of the Canal Area Planning and Development Office [Oficina de Planificacion y Desarrollo del Area Canalera] (OPDAC) of the Ministry of Planning and Economic Policy. Also, whenever compatible with the functions of the Executive Directorate, it should assume the responsibilities of the Administrative Directorate of Canal Area Properties [Direccion Administrative de Bienes del Area Canalera] (DABAC) of the Finance and Treasury Ministry. This would start concentrating various functions on reverted properties that are currently scattered.

For your information, we are attaching a draft bill of a cabinet decree regulating Law 1 of 1991, which would approve the internal regulations of the Canal Area Advisory Council and create its Executive Directorate.

VIII. Schedule

We propose the following schedule to adopt the measures proposed in this memorandum:

A. October 1991—Adopt the following measures:

1. Executive decree creating the Presidential Commission for the Creation of the Interoceanic Region Authority and the Canal Administration Agency. Appointment and installation of its members.

2. Cabinet decree regulating Law 1 of 1991 and creating the Executive Directorate of the Canal Area Advisory Council. Appointment and installation of its members.

B. April 1992—Formally propose to the Legislative Assembly the draft bill on the Law of the Interoceanic Region Authority.

C. September 1992—Formally propose to the Legislative Assembly the draft bill on constitutional amendments in order to create the Canal Administration Agency, and propose to the Executive Branch the draft bill on the Law.

Argentina

President Menem Concludes Middle East Tour

PY0910195491 Buenos Aires Radio Nacional Network in Spanish 1600 GMT 9 Oct 91

[Relay from Government House by Silvina Martinez Porta]

[Excerpt] President Carlos Menem arrived in Buenos Aires this morning after a nine-day tour of Israel, Tunisia, and Egypt. He was expected to arrive at approximately 0900 but the aircraft landed one hour late.

Vice President Duhalde; the foreign affairs, interior, defense, and labor ministers; the secretary general of the Presidency; and Senator Eduardo Menem welcomed the president at the airport. As soon as Menem disembarked, he went to one of the Ezeiza Airport VIP rooms, where he met members of his government. Menem then met with journalists, whom he briefed on the tour that ended yesterday, and which also included the signing of important agreements with Israel and Tunisia.

[Begin recording] The result of my visit was really good. I would say it was excellent because we have strengthened bilateral relations between Israel and Argentina and also with Tunisia. There were two points that were not included in the agenda. The invitation by the Egyptian president to make a [words indistinct] to discuss matters that [words indistinct] and why not during a joint news conference; and my visit to Cyprus, where I had the opportunity to talk with the president on the topic that everyone knows, the division of Cyprus and a UN resolution demanding the unification of that small island in the Mediterranean Sea.

As everyone knows, we have talked about the possibility of reaching peace in the Middle East during the conference to take place this month [words indistinct]. There is willingness, and the firm decision by the Tunisian and Egyptian presidents, and some sectors of the Israeli political community, such as the head of the Israeli opposition, Shimon Peres, and the current Israeli Prime Minister Shamir, who seeks the establishment of peace. But there are a number of conditions and demands, which I believe will be given priority during the dialogue, that it is essential to reach an understanding. I reiterate that I signed a letter of intent with Israel on the production of tin, 75,000 metric tons of tin. A commission is already working in Argentina on matters related to the agriculture sector, which is the main activity [words indistinct], and the cultural sector. [words indistinct]. Three agreements were signed with Tunisian authorities by the officials who accompanied me. [end recording] Concerning the Middle East conflict, Menem said it is essential to hold talks to try to solve the problems. Concerning Argentina's position on this matter, which was already expressed at the United Nations, he said that it is similar to that adopted by the United States. He said that his efforts in support of peace cannot be considered as mediation, because an agreement between the parties is required, but just an expression of willingness. [passage omitted]

Comments on Haiti, Issues

PY0910213491 Buenos Aires TELAM in Spanish 1614 GMT 9 Oct 91

[Excerpt] Buenos Aires, 9 Oct (TELAM)—Argentine President Carlos Saul Menem stated that "dialogue is the essential formula to solve the Arab-Israeli conflict."

For Menem "there is no possibility whatsoever of finding a solution" if the involved countries "do not meet, talk, and try to smooth off the rough edges, and to eliminate the current problems, which is not easy, to achieve peace" in the Middle East.

To stress the importance of dialogue to resolve the situation between the Arabs and Israel, Menem compared this conflict with the conflict between Argentina and Great Britain over the Malvinas Islands.

Menem said: "Had we not resumed relations with Great Britain, at this moment we would have been totally excluded, beyond the 200-mile line off the Malvinas Islands coast. However, we did resume our relations through talks, through dialogue, and we are advancing in this issue without disregarding the true possibility, of course, of recovering our sovereignty over the islands, but meanwhile, we have taken those important steps for the benefit of Argentina."

During the news conference he granted at Ezeiza International Airport upon returning to the country at the end of a tour of Israel, Egypt, Cyprus, and Tunisia, the Argentine president said that "there is a good predisposition" to achieve peace in the Middle East at the conference that will be held this month in Switzerland.

He stressed "the firm decision" in this regard by the "presidents of Tunisia, Egypt, by some sectors of Israeli political groups, among them Shimon Peres, head of the Israeli opposition, and Israeli Prime Minister Yitzhaq Shamir and President Hayim Herzog, who are also hoping for peace."

Menem said it is well known that "there are a number of conditions that I suppose will have preference when the talks begin, which is essential to reach an understanding."

He added that his attitude "does not imply a mediation in the conflict," explaining the negotiations carried out in that field by the Argentine Government. "Our actions are nothing but good offices, actions of goodwill, trying to add some significant factor that might facilitate rapprochement between the two parties," he said.

"This has been explained very clearly, and I was told both in Israel and in Tunisia that I will be informed about the development of events," Menem said. He declined to discuss "other issues that, for state reasons, I

cannot make public during a news conference, until we see the result of the negotiations that have started."

Referring to the overthrow of the Haitian democratic government, the Argentine president said the Argentine position is "to be tough with the coupists in Haiti and anywhere in Latin America, because we are tired of coups, of tortures, of everything that implies a disruption of the institutional order."

Menem said that the Argentine position to send a peace force to that Caribbean country "has not been rejected" within the framework of the OAS because "it is rejected when submitted to a vote," which in this case did not take place, he said.

He said that our country will comply with the OAS resolutions. "If the OAS resolves to send troops, Argentina will send troops, but the resolutions adopted so far are measures of an economic nature, such as a naval and air blockade to make those who seized power understand that this is something that must end once and for all in Latin America and in the whole world."

Referring to the results of the OAS mission sent to Haiti, he said: "It is an OAS matter. The Argentine position is that of being tough, very tough, but the decision is not made by Argentina but by the whole group."

When asked his opinion on the position the Argentine Government will assume should the U.S. Congress approve the law ordering a new economic and financial blockade of Cuba, including sanctions on countries that currently maintain relations with Cuba, Menem said: "This is a decision to be adopted by the United States. Had it been a decision by the United Nations, Argentina would have discussed the matter."

Upon stating that it will be a "unilateral" U.S. decision, he said: "It does not affect us at all, and in any case it affects Cuba, with which we have relations. We are absolutely in disagreement with the current regime implemented in Cuba, and I even said this in Guadalajara in the presence of Fidel Castro, but this measure adopted by the United States cannot be imposed on the other countries that have relations with that country." [passage omitted]

Lack of Funds for Haiti Blockade Reported

PY0910131491 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1102 GMT 9 Oct 91

[Text] Buenos Aires, 9 Oct (NA)—Military sources have revealed that the Armed Forces "have no funds to recruit a contingent" for participation in an international force to blockade Haiti.

The sources stated: "First, we need an adequate budget to prepare a contingent." The sources also explained that the possibility of participating in actions against the de facto regime in Haiti are "being decided at the highest political level and the Armed Forces are subject to the political sector." They pointed out, however, that "if it is decided to send warships to the region, we will need time to recruit the crews."

The sources stated that, among the steps to be taken in sending a military contingent to Haiti, "we must plan a vaccination campaign because Haiti is in a region of intense heat, and we must define the type of ships to be sent in the event of a sea blockade, a landing, or only logistical support."

The sources added: "If Navy units are sent, we must establish supply ports, hospital ships, and zones for personnel changes."

In the event that Argentina decides to participate militarily in a blockade of Haiti, the sources discarded the possibility of sending ships that are participating in the "UNITAS" exercise with U.S. and Uruguayan units. "It is not easy to change operations, and these ships are already assigned to the "UNITAS" exercise," the sources pointed out.

Supreme Court Annuls Government Decree on Court

PY0910224091 Buenos Aires BUENOS AIRES HERALD in English 9 Oct 91 p 1

[Text] (DYN-NA)—The Supreme Court annulled yesterday the government decree which suspended for one year the financial self-sufficiency of the judicial branch but decided to cancel for 60 days the resolution which set wages of up to 11,500 dollars a month for magistrates as from next year.

In an extensive ruling, the Supreme Court harshly criticized the government decision and denied that the resolutions drawn up by the court constitute a blow to the success of the convertibility plan, as was implied in Decree 2071.

the 60-day suspension of an article which would increase pay is apparently a gesture towards dialogue with the government, which the Court invited "to debate the terms of Article 4 of Law 20,853" of judicial economic self- sufficiency.

The article foresees "solutions to be adopted when salaries fail to meet the needs of judicial branch employees."

In that way, the court clearly stated that the 60-day suspension serves "exclusively as a period during which the govenrment can settle the issue and determine the resources available to fund a wage hike."

At the same time, the Judicial Branch Employees Union (UEJN) announced last night that federal and electoral court agents across the country will carry out a 24-hour general strike today to demand salary increases and the enforcement of the judicial branch financial self-sufficiency law.

The protest will involve close to 14,000 workers around the country, of which some 9,000 work in the courts in this Capital.

Retired Colonel States Desire To Be President

PY0910225591 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2210 GMT 8 Oct 91

[Text] Montevideo, 8 Oct (AFP-NA)—In an article published on 8 October in a Montevideo evening newspaper, Aldo Rico, the former Argentine colonel and rebellious military faction leader, expressed his wish to become the Argentine president in the 1995 elections.

Rico said that "a kakistocracy, or government by the worst men," has been installed in Argentina and the survival of democracy is debatable because the institutions are not operating.

During an interview to an ULTIMAS NOTICIAS reporter in Buenos Aires, Rico said that he has "just one ideology; the nation."

[Words indistinct] for the Movement for Dignity and Independence (Modin), the third strongest force in Buenos Aires Province with about 600,000 votes, Rico said that he has no relationship whatsoever with painted faces leader Mohamed Al. Seineldin.

Rico said that while he does not have any "relations" with Seineldin, "in the past we shared objectives, but they were strictly military." He added: "My objectives are now political."

Concerning President Carlos Menem, Rico said: "He surrendered to (entrepreneur) Jorge Born, then to Citibank, and now to U.S. Ambassador Terence Todman." Concerning Raul Alfonsin, Rico said: "He has failed as a political figure."

Rico added: "The Armed Forces do not exist today." "We currently do not have democracy (in Argentina)." Concerning the Common Market of the South (Mercosur), which Argentina will form with Brazil, Paraguay, and Uruguay, Rico said: "It will involve importing unemployment."

According to Rico, Modin represents "a fair compromise" because "we are moderate and methodical realists and we reject pragmatism that involves a perverse ideology."

* Details Released on Privatization of ELMA

92P40012A

[Editorial Report] Buenos Aires CLARIN in Spanish of 30 September on page 18 reports details of the government's plan to privatize the Argentine Shipping Lines (ELMA).

President Carlos Menem is expected to sign a decree specifying privatization procedures for ELMA. According to the decree, ELMA will first be split into two entities to separate the shipping company and its convalescent medical center, which will become a private, independent institution. Then the General Syndicate of State Enterprises (SIGEP) and the National Development Bank (BANADE) will appraise the company's shipping lines and property. ELMA's privatization will resemble that of Argentine Airlines, with 85 percent of the assets owned by private operators, 10.5 percent by the workers, and 5 percent by the government, which will retain veto power over any key decisions. ELMA will be transferred to its private owners with a staff of 1,500; its current work force of 4,000 will be reduced by 2,500, largely through early retirement.

Hoping to attract nine or 10 potential buyers for ELMA, Argentine officials have been promoting the project in the United States, Europe, and Southeast Asia. As a result of their efforts, several European firms have shown interest in buying ELMA, among them a Dutch company, a Norwegian firm (possibly Ivaram), and Hamburg Sud. A recent trip to Southeast Asia reportedly attracted companies from Korea, Singapore, Taiwan, Hong Kong, and Japan. In the United States, there is said to be at least one interested bidder. In addition, four private Argentine firms are also possible buyers—Ultraocean, Maruba, Ciamar, and Del Bene.

Because ELMA is to be sold without its debt, the government will have to pay $220 million in liabilities maturing on various dates. Sale of ELMA itself should raise close to $300 million.

Bolivia

Saavedra Opens International Antidrug Meeting

PY0910170591 La Paz Radio Fides Network in Spanish 1100 GMT 9 Oct 91

[Report by Nataniel Alvares from Santa Cruz]

[Text] Speaking at the opening of the fourth meeting of the heads of antidrug organizations in Latin America and the Caribbean, Bolivian Interior Minister Carlos Saavedra Bruno said that the solution being sought is not limited to action by the police, teachers, doctors, or development experts. He said that we need a comprehensive solution to which all can contribute—especially the national, regional, and local communities.

The minister added that the cooperation of an organized and conscious community is indispensable for the success of the antidrug fight. Without this cooperation, the Alternative Development Program will fail, the interdiction efforts will be punctuated with social violence, and the prevention efforts will be completely inadequate.

Minister Saavedra also pointed out that as long as there is a demand for drugs it will be hard to eradicate drug trafficking. He pointed out that Bolivia is now part of the coca-cocaine vicious circle that stems from the international demand for drugs. He reaffirmed, however, that

prevention, interdiction, and the Alternative Development Program are the best ways to end drug consumption, trafficking, and supply. He also said that there is no special formula against trafficking that can be effectively applied worldwide.

The opening ceremony of the meeting began at about 1000 and was attended by Mauro Bertero Gutierrez, agriculture, livestock and campesino affairs minister; by other Bolivian officials; and by more than 200 delegates from 51 Latin American and Caribbean countries. The delegates will try to define an overall strategy to fight the scourge which trafficking represents.

Army Antidrug Efforts Praised During Ceremony

PY0910162291 La Paz Television Boliviana Network in Spanish 0200 GMT 9 Oct 91

[Text] The Army has carried out a successful operation against drug trafficking in isolated areas of Santa Cruz Department. A ceremony was held on the Miraflores garrison parade ground in the presence of all senior officers of the garrison and soldiers from several units to commemorate the 24th anniversary of the confrontation between the Army and the guerrillas. In this regard Defense Minister Alberto Saenz Klinsky said:

[Begin recording] Cubans today recall Che Guevara, but we Bolivians recall our soldiers and officers who died to defend Bolivian territory from the Cuban guerrilla's invasion. This historic event and the patriotism showed by Bolivians on that occasion is commemorated in this ceremony. [end recording]

Saenz also spoke about the results of the first antidrug operation with Army participation.

[Begin recording] Two companies of the Manchego Regiment are carrying out an operation in Santa Cruz. This operation is known as an inspection in civilian terms and patrolling in military terms. We can even say that the Army operation has been successful because the first result was seizure of a communications center belonging to drug traffickers. Military forces found modern radio equipment that was apparently used for contact with clandestine airfields, trafficking sites, and drug laboratories.

This was our first target, but I cannot provide more details because we do not want to obstruct the ongoing operation. We want to end this operation successfully. We will report to the press in due time. Journalists have been invited and many of them are now in Santa Cruz; along with the Information Minister, they will go to places where the Army is operating. I ask journalists not to talk about militarization because it is not possible to carry out militarization with 124 men. Those who have performed military service know that 124 men cannot comprise two companies. We Bolivians exaggerate things and talk about militarization as if the entire Armed Forces are involved in a task. I reiterate that 124 men is a low number of people for two companies. [end recording]

More on Army Involvement

PY0910203091 La Paz Television Boliviana Network in Spanish 0200 GMT 9 Oct 91

[Text] A major part of drug traffickers' infrastructure in the Amazon area of Santa Cruz Department is under control. The joint operation by personnel from the Manchego Regiment, UMOPAR [Rural Area Police Patrol Unit], and the FAB [Bolivian Air Force] has been very successful.

Information Minister Mario Rueda Pena assessed the initial results of the combined actions in the northeastern part of Santa Cruz Department. He said no incidents were registered with civilians, who met the military men with great warmth. No one opposed the military action; on the contrary, they provided information on suspicious locations.

[Begin recording] This was undoubtedly a successful operation. The 125 Armed Forces soldiers from the Manchego Regiment headquartered in Santa Cruz, UMOPAR personnel, and the FAB logistic support have controlled the drug traffickers' basic infrastructure in this Bolivian zone comprising Santa Cruz, San Matias [words indistinct]. This was a successful operation considering that for a long time drug traffickers will not be able to operate in this territory. If they do so, they will have to face the consequences.

I should also note the fact that this operation will set a precedent for firm intimidatory action, in the sense that the state—through its military and its special antidrug police—tells those involved in this dirty business that a serious decision has been made already as it was done in Santa Ana, where a firm intimidatory attitude was adopted to make drug traffickers surrender voluntarily to the court in compliance with the Repentance Decree.

You journalists have observed the zone, and you have seen that this is a vast and almost isolated jungle area, where some 4,000 people from San Mateo, and a similar number of residents from Santa Cruz working on a few ranches, are living. You could also prove that the Special Antinarcotics Forces, made up of elite police troops, cannot carry out this search by themselves in an area of approximately 200 square km. They need the military and FAB support. [end recording]

* YPFB Natural Gas Production Data for 1990

92SM0011C La Paz HOY in Spanish 15 Sep 91 p 6

[Text] Natural gas production from the fields operated by YPFB [Bolivian Government Oil Deposits] during 1990 amounted to 120.2 billion cubic feet, with a daily average of 329 million cubic feet. This is indicated in the state oil company's annual report.

The contractors' natural gas production during the same period registered 66.097 billion cubic feet, with a daily average of 181 million cubic feet.

The total national production (YPFB and contractors) amounted to 186.297 billion cubic feet, with a daily average of 510 million cubic feet. The annual volume has a caloric equivalent of 5,346,400 cubic meters.

Total Petroleum and Gas Production

In terms of equivalent energy, natural gas was the leading category in the country's hydrocarbon operations, with a production of 5,346,400 cubic meters of equivalent petroleum. It represented 77 percent of the total production.

During 1990 the production of liquids reached 6.97 million cubic meters of petroleum, condensate, natural gas, and liquid gas from plants. This brings the national total to 120,109 barrels of equivalent petroleum per day.

Natural Gas Production, 1986-1990
(millions of cubic feet)

	1986	1987	1988	1989	1990
YPFB	98,140	102,121	114,625	128,417	120,200
Contractors	62,671	59,095	55,282	58,358	66,097
National Total	160,811	161,216	169,907	186,775	186,297
Total MCF/D*	440.6	441.7	464.2	511.7	510.4

*[Millions of cubic feet/deposits]

* Industrial Activity Decline Analyzed

92SM0011E La Paz HOY in Spanish 17 Sep 91 p 4

[Text] ANF—During the past decade a setback has occurred in the industrial nature of the Bolivian economy, with a greater concentration of foodstuffs, textiles, and hides, to the detriment of other productive sectors. This claim was made by the director of the Program for Andean Cooperation With Bolivia (PCAB), Gabriel Loza.

He explained that, in 1978, industry's share of the gross domestic product totaled 15 percent; whereas now it does not exceed 13 percent.

According to the PCAB, an obvious lack of activities incorporating major technological advances is being observed, in such fields as the production of chemical elements, rubber and plastic products, electrical machinery, and transportation. This situation attests to the fact that Bolivia is lacking in technological capacity.

In Loza's opinion, it is necessary that programs for industrial modernization be implemented on the government level, with emphasis on the technological aspects of training and infrastructure, as has occurred in Chile and Colombia.

According to the PCAB director, this type of program should be carried out under the government's sponsorship, without thereby implying any protectionism for industrial products.

Loza remarked that, in an open type of economy, such as that in effect in Bolivia, it is up to the state to play the role of a promoter of national industry. At the same time, he maintained that this effort at modernization would benefit the national industry as a whole, and hence, it cannot be undertaken only by certain productive sectors.

In his view, so as to avoid raising the prices of products, it should be the state that subsidizes research and development, and promotes technological research and the training of the existing work force.

There are at present some business firms assuming these costs, but many of them are not inclined to do so, because such outlays directly affect the price of their products, depriving them of competitiveness.

The study on which these views are based will be presented at the second seminar on industrial modernization to be held on 27 September in La Paz. Experts on industrial modernization from various countries will participate.

Generally speaking, the proposal calls for the creation of an industrial promotion fund to cover the costs of technological training and development.

The aforementioned seminar will be attended by German Schultz, manager of regional affairs for the Technical Cooperation Service of Chile (SERPOTEC); Enrique Morales, manager of Metalprocesos de Colombia; Jaime Giesecke, chief of the Economic Studies Division of the Latin American Association of Financial Institutions for Development (ALIDE); and the director of the Program for Andean Cooperation With Bolivia himself, Gabriel Loza.

* Nontraditional Exports Total $126 Million

92SM0011D La Paz EL DIARIO in Spanish 14 Sep 91 p 7

[Text] Yesterday the president of the Bolivian National Chamber of Exporters, Dr. Luis Nemtala, announced:

"During the first half of this year we succeeded in exporting approximately $126 million worth of nontraditional products, and we are convinced that we'll reach a volume of nearly $200 million."

He claimed that, unlike the previous semester last year, there has been a 2- to 5-percent increase during this first half.

He commented: "Our projections for the future were to raise this percentage but, unfortunately, owing to certain factors, this has proved impossible. Nevertheless, an increase, albeit slight, has been achieved in the volume of nontraditional exports."

When asked about the most exported nontraditional products, Nemtala remarked that the main categories are still soybeans and their by-products, wood, livestock, coffee, textiles, and some other items.

Nemtala also reported that the leading markets that we have currently are Peru, the ALADI [Latin American Integration Association] accord group, the United States, and the Andean Group. They are the ones importing the largest volumes.

He explained: "There is a national awareness to the effect that one of the few options left to us for improving our economy is exports. We are a country rich in raw material, acquiring greater economic strength, and able to create more extensive development."

He noted that there is pressure for the passage of a foreign trade law that will control the ground rules, enabling us to compete with other countries. On the other hand, he pointed out that there are some problems in reaching maritime ports and being able to export nontraditional products. He commented: "For this reason, we intend to pay a visit to the port of Ilo, to learn about some options that would allow us to take our products outside the country." He concluded by saying: "When we see the opportunities that the port of Ilo can offer us, it will be highly beneficial for our country."

* Campesino Emigration Contributes to Poverty

92SM0011F La Paz HOY in Spanish 14 Sep 91 p 9

[Article by Ramiro Ramirez Simons]

[Text] La Paz, Sep (special to IPS)—In Bolivia, the poverty of the campesino communities is being aggravated by the emigration of their members to cities. This situation is fostered by the constant deterioration in the agricultural-livestock economy, and the lack of health and educational services.

A recent study by experts on migratory movements indicates that the campesino sector's participation in the national work force is 21.3 percent.

It is believed that nearly 600,000 familes (3 million persons) coming from the rural areas are selling their labor in the cities, earning an annual income of less than $400.

The study was made by Rene Pereyra, executive secretary of the Planning Ministry's Population Unit, with Jaime Montano and Moises Calle.

The experts claim that campesino productivity has deteriorated, and that the agricultural sector has become stagnant.

Cited among the factors that have caused this dual situation are the meager supply of land per family, its excessive division into plots, and the improper management of both land and water.

Other factors indicated as well are the lack of access to credit and technology, the insufficient development of associative types of production, and the absence of services in support of agricultural-livestock ownership.

The study adds that those problems are compounded by the reception of donations and state purchases of food from abroad, which have made the country more dependent on such supplies.

It warns that, if the present structure of the campesino economy persists, "the pressure on the land will increase, and the uncontrolled migratory processes will become even more intensified."

The research points out that, between 1971 and 1976, the southwestern department of Oruro expelled 34.4 percent of its population to the city of La Paz, and 27.9 percent to that of Cochabamba, one of the country's most heavily populated cities.

On the other hand, during the period 1983-88, 55.1 percent emigrated to Cochabamba, and 23.2 percent to La Paz.

The impoverishment of the cultivated land, and the lack of fertilizer and credit for improving work implements, have worsened the living conditions of the campesinos.

The Oruro communities are waiting for the state to build them a highway that would enable them to move their farm products to consumer markets.

A typical example of the emigrant campesino is that of Telmo Cahuana Mamani, from the community of Collana, in the province of San Pedro de Totora (high plateau region of Oruro). He told IPS that he was forced to leave his town in search of better living conditions.

Cahuana claimed: "We suffer from the lack of roadways and attention from the government. Over 75 percent of our families have to emigrate from our land; but we soon find ourselves forced to return to our town in the same condition. We are still poor."

He added that the campesinos need to sell their products, but that they are becoming worth even less because of the prices set by the middlemen.

The community residents are also engaged in producing potatoes and their by-product, "chuno" (dehydrated potato); as well as Camelidae, sold at low prices. A llama is worth between $15 and $20.

Agricultural Production Figures Reported

PY1010003891 La Paz PRESENCIA in Spanish 28 Sep 91 Economic Section, p 1

[Summary] According to the Central Bank Economic Studies Department, Bolivia's agricultural production during the first half of 1991 amounted to 6.1 million metric tons while in 1990 it amounted to only 4.9 million metric tons.

Brazil

Government Predicts Higher Inflation Rate

PY0910212391 Rio de Janeiro O GLOBO in Portuguese 8 Oct 91 p 1

[Text] The annual [compound] interest rate on Bank Deposit Certificates (CDB) reached 1,220 percent yesterday, the equivalent of 23.83 percent per month. This is the highest rate recorded since Collor Plan-2 began. This rate increased following the announcement by the Central Bank that the preferential interest rate (TR) in October is 19.77 percent and that the government predicts a higher inflation rate. Until yesterday, the projection on the daily preferential interest rate was 18.5 percent.

Justice Minister Views Amendments Process

PY1010003691 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 9 Oct 91

[Excerpt] Justice Minister Jarbas Passarinho admitted today that the government might adopt new measures designed to promote a fiscal adjustment and modernize the economy if Congress fails to debate the proposed constitutional amendments by the end of the year.

Passarinho regretted the initiative of some legislators proposing a great number of amendments to the government's constitutional amendments and hopes that the opposition will not vote against Brazil.

Passarinho believes that legislators may submit proposals to improve the government's amendments but that they should not affect the package of proposals as a whole. [passage omitted]

Commander Defends Sovereignty Over Amazon Region

PY0910224591 Rio de Janeiro O GLOBO in Portuguese 8 Oct 91 p 8

[Text] During a seminar entitled "The Brazilian Amazon" at the Army Command and Staff School in Rio de Janeiro, General Antenor de Santa Cruz Abreu, commander of the Amazon Military Command, stated yesterday that the Rio-92 [UN Conference on the Environment and Development] should be a meeting to discuss world environmental policy and not to teach Brazil what to do in that area.

Lecturing on the military presence in the Amazon to an audience of almost 700 people, the general said that there is almost no forest burning going on now. He defended the gold prospectors and criticized the international campaign that portrays the destruction of the Amazon, seeking to interfere with our sovereignty over the protection of that area. He added that he hopes that the Rio-92 Conference will not contribute with what he called the orchestrated campaign to publicize lies about the Amazon.

Steel Production Increases 11.4 Percent

PY1010021891 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 9 Oct 91

[Summary] Brazilian raw steel production during the first nine months of this year grew by 11.4 percent compared with the same period last year. According to information from the Brazilian Steel Institute, during the January-September period Brazil produced 16.808 million metric tons of steel.

Chile

Silva Says Aristide Not To Visit Chile

PY0910193891 Santiago Radio Chilena Network in Spanish 1700 GMT 9 Oct 91

[Text] Foreign Minister Enrique Silva Cimma said ousted Haitian President Jean-Bertrand Aristide will not visit Chile because he wishes to remain in the region awaiting developments in his country.

Minister Silva, who returned to Santiago today after participating in the UN General Assembly, said he had a long chat with Aristide, who excused himself in writing for not visiting Chile.

Silva added that the ousted Haitian chief of state thanked President Patricio Aylwin for the invitation and asked the Interparliamentary Union Conference to issue a declaration in support of the legitimate government he heads.

Silva went to New York on 22 September.

Silva Comments on Meeting With Soviet Envoy

PY1010002891 Santiago EL MERCURIO in Spanish 3 Oct 91 p C2

[Report by special correspondent Norberto Svarzman]

[Text] United Nations—Chilean Foreign Minister Enrique Silva Cimma stated: "The USSR is very interested in following the Chilean model for an economic development with social justice and the consolidation of democracy through peaceful means."

During an interview with EL MERCURIO, Silva gave details of his meeting with USSR Foreign Minister Boris Pankin and also said that he had discussed with EEC representatives details of the meeting to be held next year in Santiago, Chile, to discuss the possibilities of greater cooperation with Latin America.

Silva said: "The meeting with Pankin was very interesting, very relaxed, because he started off by giving a lengthy account of the consolidation process started by Mikhail Gorbachev."

The minister added: "What is more, he told me that the Chilean system is a model—textually a model—they wish to follow. He referred to the socioeconomic system; and as for the political system, Pankin noted that they are moving toward a democratic consolidation through peaceful means, the same as in Chile."

Silva said that the important thing is that the meeting was held at Pankin's request because "they are truly interested in the Chilean reality that, for them, is a model in Latin America. It is a model from two viewpoints: on one the hand, because of the democratic consolidation through peaceful reconciliation and, on the other hand, the implementation of a free trade system with a strong social sense that makes it possible to provide social justice to vast segments of the population."

The Chilean foreign minister participated in several meetings held during the past few days in New York by the Rio Group, which looks to become a dynamic tool of Latin American foreign policy. He was asked whether this group will lead to the creation of something new, something that will eclipse or replace the OAS.

Silva answered: "Fortunately, no."

He explained that the Rio Group "is regarded as an informal group for information and consultation purposes. I believe that one of the Rio Group's advantages is that it does not have a structure similar to the EEC structure."

New U.S. Restriction on Military Aid Criticized

PY0910192091 Santiago Radio Chilena Network in Spanish 1700 GMT 9 Oct 91

[Text] National Renewal Party Deputy Federico Mekis denounced the U.S. Congress' passage of a law restricting military cooperation with Chile.

Mekis added that the new law approved by a congressional joint committee represents a modern version of the Kennedy Amendment.

Mekis said this law was approved on 27 September and that it reveals the tutelary attitude of the United States regarding internal Chilean political developments.

[Begin recording] Moreover, we hope this new amendment is not designed to exert pressure for changes in the military leadership. The people should know that the sponsors of this new restriction are the same people who promoted legal restrictions on Chile in the past. [end recording]

Although he refused to mention the names of the people who sponsored this new amendment, it was leaked that Senator Edward Kennedy is again involved.

Argentine Border Problem Draws Reaction

PY0910195391 Santiago Radio Cooperativa Network in Spanish 2300 GMT 8 Oct 91

[Text] Acting Foreign Minister Edmundo Vargas denied today the existence of an agreement between the Chilean and Argentine foreign ministries to prevent anyone from visiting the Laguna del Desierto border conflict area. Vargas thus reacted to rightist Deputy Antonio Horvath who denounced such an agreement between the two foreign ministries. Horvath said that an agreement was signed by Juan Olima from Argentina and Vargas from Chile, and that the agreement forbids him from visiting Laguna del Desierto. Vargas said that Deputy Horvath's attitude harms national interests. He said:

[Begin recording] We regret what he has said. In face of the present situation we decided with Argentina that this zone, which both sides claim, should be submitted to arbitration. In view of this, I think that Chilean officials and congressmen should act in a coordinated manner. Reactions outside the framework of the Foreign Ministry policy are not in the national interest. [end recording]

Vargas said that Chile and Argentina are currently negotiating an agreement that will be signed by the two ministers on 31 October. He said Laguna del Desierto has been occupied by Argentina since 1965. It is important that the work carried out by congressmen, whose position we respect, should complement that of the Foreign Ministry, Vargas said. He added that Horvath did not consult the Foreign Ministry about going to Laguna del Desierto. Vargas said he was surprised by the attitude of Horvath who works with the National Renewal bloc. His objective is not clear, Vargas said,

adding that the Foreign Ministry will provide whatever information is necessary on border issues. He said that Horvath should not unilaterally travel to the zone where there is risk of creating trouble or harming the negotiations which are at an advanced stage. This incident harms the atmosphere of peace that is needed for the arbitration.

Israeli Navy Commander Concludes Visit

PY0910230691 Santiago EL MERCURIO in Spanish 2 Oct 91 p C8

[Report by Hernan Cisternas Arellano]

[Text] Valparaiso—Misha Ram, the Israeli Navy commander in chief, will conclude an eight-day visit to Chile today. He held a working meeting yesterday at the "Chilean Navy" building in this port. Absolute secrecy was maintained about the meeting. Discrete patrolling was carried out all morning at Sotomayor Square, where the foreign naval commanding officer's car, with diplomatic license plates, was parked. It was only confirmed that Misha Ram arrived and that Admiral Jorge Martinez Busch, the Chilean Navy commander in chief, was present. No further information was supplied.

Bomb Explodes at Entrance of Military Hospital

PY0910182291 Santiago Radio Nacional de Chile Network in Spanish 1100 GMT 8 Oct 91

[Text] Last night a bomb exploded near the main entrance of the Military Hospital on Holanda Avenue, Providencia neighborhood, in Santiago. The attack occurred around 2145. There were no victims, and damage to the front of the building was minor. Witnesses said that the explosion scared people in the neighborhood.

Let us recall that retired General Manuel Contreras, former director of the National Intelligence Directorate, is being treated at this hospital on orders from Judge Adolfo Banados, who is hearing the Letelier case.

Hospital Director Colonel Atiliano Jara arrived at the hospital after 2200. Police specialists checked the outside of the building in a search for other explosive devices while police reinforced the guards.

Entrepreneurs Negotiate Use of Soviet Satellites

PY0910221291 Santiago EL MERCURIO in Spanish 4 Oct 91 p B16

[Text] A group of Chilean entrepreneurs, associated with an important company linked to the telecommunications sector, has held negotiations with Intersputnik, an organization administrating satellite systems for East European countries. These negotiations have been conducted for months in a confidential manner. A document already was signed in Moscow in early September. This document establishes the basis for conducting negotiations.

The agreements that will be reached in the future will significantly contribute to improving communications between the two countries.

Despite the strict confidentiality of these talks, Transfer [preceding word in English] Investments General Manager Juan Carlos Fernandez, who is handling the project, has confirmed the existence of these negotiations. It also was leaked that the aforementioned company is reportedly associated with a company of the V.T.R. [expansion unknown] Group.

International Federation Admits Stock Exchange

PY0910233091 Santiago Television Nacional de Chile Network in Spanish 0030 GMT 9 Oct 91

[Excerpt] Without doubt, this has been the year of the Santiago Stock Exchange. After paying the third-largest profits among world stock exchanges, the Santiago Stock Exchange was admitted yesterday into the International Federation of Stock Exchange Markets, which includes the 40 most important stock exchanges in the world.

Thanks to this step, Chilean investors will have firsthand information from the most important stock exchange markets in the world at their disposal. It will also open a new door to foreign investors.

The Santiago Stock Exchange's 1991 boom [preceding word in English] cannot be doubted. In 1988, the Santiago Stock Exchange barely paid 50 percent in profits. In the next two years profits rose to 65 percent. However, this year stock exchange profits rose to 234 percent, making it one of the best years in its history. Another index that demonstrates this success is the 475,178 million pesos of trade registered so far this year, doubling the 1990 volume of trade. [passage omitted]

Police Director Comments on New Terrorist Group

PY0910184691 Santiago Radio Nacional de Chile Network in Spanish 1100 GMT 8 Oct 91

[Text] Investigative Police Director Horacio Toro said that the appearance of a new group called the People's Guerrilla Movement is a desperate attempt to maintain the level of terrorist activities in the country.

Toro told journalists that the department is investigating a possible connection between that group and the bomb that exploded at the entrance of the Military Hospital. It could be the group's formula to attract attention, given their deteriorating situation, Toro said.

Their problems are as much a result of the population's repudiation of their activities as efficient police action to repress them. One possibility is that they are recruiting people who have deserted from the Manuel Rodriguez Patriotic Front or the Movement of the Revolutionary Left as a last attempt or a desperate last effort, Toro said, adding that the theory has not been confirmed.

Propaganda Action Staged by Lautaro Group

PY0510182891 Santiago Radio Chilena Network in Spanish 1030 GMT 5 Oct 91

[Text] The police implemented a vast dragnet in Davila neighborhood after members of the extremist Lautaro group staged a propaganda action in the area. The action took place near a commercial high school at the corner of La Feria Avenue and Petrohue Street, in southern greater Santiago, where unknown youths threw leaflets and gave condoms to people. After this action, air and land police forces cordoned off the area in an effort to arrest the youths. The dragnet spread to several nearby neighborhoods, but had no positive results. A spokesman for the group later called a news agency to claim responsibility for the action.

Colombia

Guerrillas Call Government Dialogue Positive

PA0910184291 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 8 Oct 91

[Text] Santa Fe de Bogota—The National Guerrilla Coordinating Board [CNG] described the meeting it held in Venezuela with former President Alfonso Lopez Michelsen as positive and conducive to peace in Colombia.

Rebel spokesman Alfonso Cano said the meeting with the Colombian Liberal Party leader allowed the subversive organization to present its position on the peace process; announce its willingness to seek a rapprochement with the government; and to renew negotiations.

Cano said Michelsen's unilateral decision to go to Caracas has been decisive in the search for peace in the country.

The CNG's delegate said the guerrillas will contact other national figures to find new ways to reach an understanding with the government.

In spite of the government's radical announcement on the suspension of negotiations with the CNG, contact has not been broken. Based on suggestions from CNG members in Caracas and members of the government negotiating team, headed by adviser Bejarano, telephone calls and ideas are constantly exchanged. Permanent contact has not been broken, and this is good for the peace process.

Michelsen's 6-7 October efforts were heroic. He did not even have time to sleep. He took a private flight to Caracas on Sunday evening and met with Venezuelan President Carlos Andres Perez; Alvaro Leyva Duran [member of the Colombian Government's negotiating commission]; and Emilio Figueroa [not further identified].

The national leader of the dialogue rose early to go to the Advanced Studies Institute, where he spoke with the guerrillas for three hours. He then returned to Cartagena to continue his political campaign.

Ecuador

Government Reacts to Andean Pact's Concern

PA1010040191 Mexico City NOTIMEX in Spanish 1219 GMT 9 Oct 91

[Excerpts] Quito, 9 Oct. (NOTIMEX)—Ecuador has stated that it is pleased with the "fraternal" message from three countries of the Andean Pact and it reiterated its willingness to overcome the border dispute with Peru through peaceful means. [passage omitted]

Responding to the message, Ecuador stated that it supports the peace efforts by "the three friendly countries" of the Andean Pact and stated that it is working for a peaceful solution to the problem with its southern neighbor.

"The Ecuadoran Government appreciates the concern expressed by the governments of Bolivia, Colombia, and Venezuela in view of the state of tension" between Ecuador and Peru, an Ecuadoran Foreign Ministry communique stated.

It added that Ecuador "has shown its permanent desire for peace and its support for efforts being carried out in the subregion and Latin America to create new relations based on solidarity and cooperation."

Peruvian Army Allegedly Provoking Indians

PA0910202691 Quito Cadena Ecuador Radio in Spanish 2300 GMT 7 Oct 91

[Text] Miguel Pubanchi, Shuar Indian Federation leader, telephoned Radio Quito 7 October to report Peruvian helicopters are constantly flying over Ecuadoran territory, openly provoking the unprotected Indians there. Pubanchi said he will soon give the Education and Defense Ministries a detailed report on these flights. He also said that Indian resistance fronts have been formed in the eastern border towns.

[Begin Pubanchi recording] I want to tell the Ecuadoran people, the president, and the foreign minister what is happening. There is a border conflict between Peru and Ecuador. The Shuar people are frightened and confused, particularly in the (Kuzumaz) and (Kaputna) centers, which are located along the border.

As a result of the charges raised with the authorities, we have gone to the area with some leaders and verified that at 1345 a Peruvian Mi-8 helicopter overflew the Shuar centers in (Kuzumaz) and (Kaputna), violating our national territory.

The Peruvian Army is provoking our soldiers, particularly the Shuar communities. We feel the appropriate authorities should be immediately notified to prevent

any regrettable incident. As a leader of the Shuar Federation and the Shuar people, I hold Peru responsible for these provocations.

We are going to continue to defend our national territory. We will not allow the Peruvian Army to infiltrate and abuse our communities. We will remain alert and continue to denounce these acts so the Peruvian Government will adopt measures to stop these abuses and provocations.

There are grammar schools operating in the area. Our children cannot go to class for fear of being shot by the Peruvian Army. I want the Ecuadoran people to know about this. We also want the national authorities to know so they will take necessary measures. [end recording]

Paraguay

President's Handling of Statue Incident Praised

PY0910174791 Asuncion ABC COLOR in Spanish 9 Oct 91 p 10

[Text] The startling situation that occurred yesterday when military and police personnel prevented initiation of a resolution by the Asuncion mayor, who ordered the removal of [ex-president] General Stroessner's statue has been totally overcome. What is more, the unhappy initial episode has turned into a welcome and useful experience to clarify certain questions: First, to ascertain the feelings of the population—which clearly favored Mayor Filizzola's decision; and second, to discover that those feelings are shared by the government—a point which the people doubted because nothing was done previously to remove the statue.

The event also served to clarify other interesting points. It clearly showed that the municipal authority, when acting within its own jurisdiction, is in fact the highest authority. It also showed that the law, not force, is the way to resolve matters in the country. At least, that seems to be the way the government intends to resolve them.

But beyond these questions, and thanks to the way the issue was handled, the nation witnessed a moment that can only be described as a true lesson in political and governmental responsibility, an example as to how should politicians behave.

A conflict seemed imminent yesterday: the mayor on one side, the government on the other. Because of our distorted educational system throughout so many years of dictatorship, many of us, perhaps even the majority, thought that we were about to see a solution through force, covered perhaps—although superficially—with some of those pseudo-juridical arguments that proliferated in the past.

But nothing of the kind happened. The president of the Republic invited Mayor Filizzola to Government House and told him, according to the mayor, that he was very sorry for what happened, that he did not agree with such attitudes, that he had already ordered the withdrawal of the military unit that guarded Lambare Hill, and that he apologized on behalf of the Armed Forces for the events that occurred on 7 October.

General Rodriguez' attitude, it is fair to recognize, enhances his position. It helps to dissipate the people's mistrust in the Armed Forces, it ends an artificial and useless conflict, and it contributes to clarify his position regarding Stroessner ("I ousted him in the flesh," Rodriguez is alleged to have said). Finally, when the president apologized for the senseless act of force, he did something that we did not see in a president for many, many years: He made a clean and honorable gesture, a gesture proper of a man of goodwill and a democrat who recognizes a mistake and seeks to rectify it.

This behavior should be used by politicians as an example.

Inflation 10 Percent in First Nine Months

PY1010022291 Asuncion NOTICIAS in Spanish 2 Oct 91 p 11

[Summary] According to the Central Bank, the inflation rate during the first nine months of this year in Paraguay amounted to 10 percent, compared with 34.8 percent during the same period in 1990.

Office of Comptroller General Created

PY1010022691 Asuncion ABC COLOR in Spanish 4 Oct 91 p 9

[Summary] The executive branch, through Law No. 95/90, has created the Office of the Comptroller General of the Nation to replace the Finance Ministry's Financial Comptroller's Office. This new office will be in charge of safeguarding the fulfillment of laws related to state financial administration, safeguarding public assets, and administrating government funds, among other tasks. Its head will have the rank of a minister of state.

Peru

Phony Human Rights Organizations Denounced

PY0910181991 Madrid EFE in Spanish 1440 GMT 8 Oct 91

[Text] Lima, 8 Oct (ANDINA)—President Alberto Fujimori denounced today the existence of phony organizations that allegedly seek to defend human rights, but use the rules laid down by the subversive organizations. He said the government will expose "this mechanism that has been assembled by agents of narcoterrorism."

Fujimori added that Peru is winning the war against sedition through the cooperation of the Armed Forces and the people.

"We will win, but without playing the game of the terrorists and the traffickers. We will establish peace in the country within the framework of law and total respect for human rights," Fujimori said during the ceremony to celebrate the 112th anniversary of the Battle of Angamos.

The ceremony was held at Grau Square in Callao this morning. It was attended by top officials of the political, military, and religious sectors.

Fujimori said that the "terrorist villains" are wrong when they say that they will return to the universities where they intimidated students, professors, and employees.

He asserted that "red rags" will no longer flutter above the universities, because this government has never been in the hands of "foolish or cowardly people."

Fujimori added that the tranquillity of the people and the high national interests are at risk. He announced that, for that reason, the government will not "surrender a single inch of what it has achieved."

He said that the Armed Forces will remain in the universities until the last terrorist force is eliminated and real autonomy is reestablished.

He reasserted that peace will be established in the country through "sincere and honest" respect for human rights.

"We will win, but without playing the game of the terrorists and the traffickers. We will establish peace in the country within the framework of the law and total respect for human rights," Fujimori said.

He confirmed that the antiterrorist fight is being conducted through the intelligence services, well planned repressive operations, and, fundamentally, through the peoples' cooperation.

He said that the people want to work with the Armed Forces in the development programs that seek to eliminate the structural causes of violence in Peru.

The ceremony was held at Grau Square in Callao this morning. It was attended by the top national officials of the political, military, and religious sectors.

Communique on Andean Pact Appeal Issued

PY1010023091 Madrid EFE in Spanish 0151 GMT 10 Oct 91

[Text] Lima, 9 Oct (ANDINA)—The Peruvian Foreign Ministry issued today the following official communique in response to the recent statement issued yesterday by the Governments of Bolivia, Colombia, and Venezuela:

Official Communique No. 026/91

With regard to the statement issued on 8 October by the Governments of Bolivia, Colombia, and Venezuela in which they express their concern over the strained situation prevailing between Peru and Ecuador, the Peruvian Foreign Ministry wants to address the people to express the following:

1. The Peruvian Government agrees with the idea that the situation created in the border zone between the Cusumaza-Bumbuiza and Yaupi Santiago border markers must be solved in accordance with the provisions of international law, and it is in this sense that this matter is being considered within the framework of the protocol of peace, friendship, and limits signed in Rio de Janeiro in 1942, a legal instrument that is in effect for both Peru and Ecuador.

2. The Government of Peru, faithful to its peaceful and lawful tradition, reaffirms its full integrationist leaning and its commitment to strengthen the climate of understanding, peace, friendship, and confidence in the subregion that might help promote and consolidate the Andean integration process.

Lima, 9 October 1991
[Signed] The Foreign Ministry General Press Board

Mediation Offered

PA1010034891 Lima Panamericana Television Network in Spanish 1200 GMT 9 Oct 91

[Text] Guarantor countries of the Rio de Janeiro Protocol, which ended the border dispute between Peru and Ecuador in 1942, will offer their good offices to resolve the stalemate that has emerged between the two countries. Brazilian Ambassador Fernando Leite, U.S. Ambassador Anthony Quainton, and Argentine Ambassador Juan Carlos Licastro have confirmed this report and agreed that a peaceful solution is necessary in order to return tranquillity to the two brother nations.

[Begin recording] [Unidentified Reporter] If the Peruvian Government summons the guarantor countries to resolve the matter, what will the Brazilian stand be?

[Leite] To fully abide by the Rio Protocol and act as guarantors if asked to do so.

[Reporter] Have you been officially asked?

[Leite] Yes.

[Reporter] When will you meet? What have you heard from your government?

[Leite] Pardon me?

[Reporter] What have you heard from your government? When will you be meeting?

[Leite] In a few days.

[Reporter] Is there not a set date.

[Leite] No, there is not.

[Reporter] At whose request are you to meet? At the request of Peru or of Ecuador?

[Leite] At the request of both sides.

[Licastro] The official information is contained in the 15 September [date as heard] statement signed in Brasilia. You have read the document, so you know that on several occasions the document mentions the guarantor countries of the 1942 Rio de Janeiro Protocol. Several very specific paragraphs of the statement conveyed our willingness to cooperate or help. That is who a guarantor is, someone who is helping or cooperating, or someone who has been called by both countries and can again be called on by the two countries to conduct....

[Reporter, interrupting] That is what we were referring to, because of the current impasse. Have you received an official request from Peru or Ecuador to meet again?

[Licastro] According to the remarks made by Peruvian Foreign Minister Carlos Torres y Torres, the two countries are holding talks and will continue to hold talks. I think we have a simultaneous process: on the one hand, the guarantors' role will be defined; on the other hand, I suppose, there will be a better definition of the call that Peru and Ecuador are making to the guarantors to help delimit this detente zone or security zone. Perhaps later on they will call on the guarantors to continue taking actions, within the framemork of detente, to make a technical assessment of the ruling that was made then, and to reach a final peace in our region.

[Quainton] We are studying how we can help both countries, and how a friendly country can serve as guarantor. We are taking some steps, but I cannot explain further. We are, however, holding talks to see how we can help the two countries.

[Reporter] Has an official request been made for you to intervene?

[Quainton] As you know, the Peruvian government has publicly asked us to.

[Reporter] It is said that the guarantor countries will hold a meeting. Is this true? Has the meeting been summoned?

[Quainton] I cannot confirm the date.

[Reporter] [Question indistinct]

[Quainton] Yes, an agreement exists. [end recording]

* Change 90 Leader on 'Moralization' Campaign

92SM0008C Lima EL PERUANO in Spanish
1 Sep 91 p 3/A

[Text] Chiclayo, 2 August (ANDINA)—Speaking here today, the secretary general of the Change 90 movement, Andres Reggiardo, expressed his gratification at the signs of morality that are beginning to appear in the country. He declared that, with effort and daily work on the part of everyone, it will finally be possible to reconstruct Peru.

In this connection, Reggiardo stressed recent appointments of upright members of the judicial branch, and the intensification of the investigation of presumed illicit amassment of wealth during the past administration, being conducted by the National Parliament. He cited this as part of the process of moralizing the country's fundamental institutions.

In a message addressed to the Change 90 youth, convening in this town at a function held to reflect upon and analyze their current task, that movement's secretary general urged them to become prepared and trained, because (he added) those who will control the republic's future destiny will emerge from their ranks.

Movement of the 21st Century

After noting that Change 90 has agglutinated the underprivileged classes and independent sectors, to whom he conveyed a message of practical involvement, he claimed that this "young, aggressive" political group is destined to become the movement of the 21st century, "because that is what the country has wanted."

He was especially emphatic in citing the reiterated signs of President Alberto Fujimori's selflessness, and his desire to serve the country; indicating that the youth should follow his example.

Reggiardo recalled the ideology of Change 90, formulated before the 1990 electoral process. He commented: "Better rulers will give the nation better citizens, and superior managers will give business more useful workers."

The leader arrived in this town accompanied by Jorge Figueroa, chief of the political establishment; Juan Cruzado Mantilla, Change 90's national coordinator; Senator Max Santolaya Silva; and Victor Malpartida Zevallos, the national youth representative.

Seated on the dais of honor were regional political authorities and those from the public sector, as well as Change 90 youth delegations from La Libertad and Piura, who were special guests. The group also included provincial, district, and zonal youth representatives from Lambayeque, affiliated with the northeastern region of Maranon.

The National Committee, headed by Reggiardo, was welcomed by Humberto Gamonal Cruz, departmental coordinator of Change 90 youth groups. He reiterated fidelity to the principles that brought Alberto Fujimori to the presidency of the republic: integrity, technology, and work.

Meeting Opens

Strengthening party unity and political organization, and generating new leadership cadres to deal with the new

municipal election commitments next year are the goals of the departmental meeting of the Change 90 youth movement opening today in this town.

This discussion is also intended to devise projects of a socioeconomic nature in support of Peruvian youth, training them for professional and technical work that will have useful effects on the country.

This announcement was made by Miguel Senmache, who was Change 90's first departmental coordinator and founder of this political movement in the deprtment of Lambayeque, during July 1989, "when the traditional parties were looking down at us."

Venezuela

President Offers Asylum to Haitian Coup Leader

PA0910191691 Paris AFP in Spanish 1606 GMT 9 Oct 91

[Text] Caracas, 9 Oct (AFP)—The well-informed DIARIO DE CARACAS reports today that Venezuelan President Carlos Andres Perez offered political asylum to General Raoul Cedras, leader of the Haitian coupists, as a way to resolve the Haitian crisis caused by the overthrow of President Jean-Bertrand Aristide.

The Caracas paper states that Perez made the offer to Cedras through Jamaican Prime Minister Michael Manley, but received no answer until last night.

Judge Joseph Nerette was sworn in as provisional president in Port-au-Prince, while the OAS decided to impose a commercial embargo against Haiti.

The Venezuelan president, who on 30 September negotiated with France, the United States, and Canada Aristide's evacuation from Port-au-Prince to Caracas in a Venezuelan Air Force plane, supplied another plane to take Diuly Brutus, president of the Chamber of Deputies, to Haiti; but the military did not allow the plane to land in Port-au-Prince. Brutus is now in Jamaica.

Aristide returned to Caracas on 6 October after visiting Washington and New York in his search for solidarity for Haitian democracy. He made a quick trip to Jamaica on 7 October and, according to official spokesmen, is still in the Venezuelan capital.

Communique Issued

PA0910172491 Caracas Venezolana de Television Network in Spanish 1550 GMT 9 Oct 91

[Text] The Presidency of the Republic has just issued a communique regarding the latest events in Haiti.

The Venezuelan Government states that, in light of the new attacks on the constitutional order and the massive violation of human rights, Venezuela completely supports the second OAS resolution, which imposes severe measures against the illegal military regime.

Venezuela urges all the nations of the continent to fulfill the sanctions imposed against the illegitimate government and asks the rest of the nations of the world to impose measures that may lead to the restoration of the legitimate government headed by Father Jean-Bertrand Aristide.

Venezuela also warns Latin American nations of the dangers derived from the actions of the Haitian military coupists, who have used weapons to force the Haitian congress to discharge the legitimate president and appoint a puppet president to make the new government appear constitutionally legal.

The Venezuelan Government reiterates its decision to favor and support all the measures imposed by the OAS.

Venezuela will not recognize any government, other than the one legitimately elected by the Haitian people.

* Unions Demand Changes in Government Programs

92SM0012B Caracas EL NACIONAL in Spanish 17 Sep 91 p D-7

[Article by Rosita Regalado]

[Text] The macrosocial indicators show 80 percent of the population in a state of poverty, a fifth of the population illiterate, 10 percent overtly unemployed, 40 percent of the economically active population in the informal sector, and 10 million persons living in slums without services.

Since they consider the government's macroeconomic policy mistaken, the four trade union federations have united to prepare a document demonstrating the real situation, and proposing a series of recommendations, including a change in that policy.

This is contained in a document drawn up by members of the trade union unified front, comprised of the CTV [Confederation of Venezuelan Workers], CODESA [Committee of Autonomous Unions], CGT [General Confederation of Workers], and CUTV [United Federation of Venezuelan Workers]. The proposal in question has not yet been disclosed to the public, because it is considered fitting that it first be reported to the head of state. This would occur in an audience expected before President Perez' trip to the United States to attend the United Nations Assembly.

Nevertheless, we have made the following excerpt for our readers on an exclusive basis:

In its first part, the document offers a view of the deterioration in the lives of Venezuelans throughout the effective period of the present government administration's "economic package," pointing to the increase in unemployment and illiteracy. It is a general analysis, to prove that the optimistic reports from President Perez claiming that "we have emerged from the crisis" are really false.

The document declares: "If the government considers this state of poverty, hunger, unemployment, and despair among the people an economic success, then the problem is not political; the problem is ethical. It concerns what the government interprets as a good policy. The unified labor movement holds the opinion that a good economic policy must be based on an improvement in welfare for the people. Otherwise, it has no moral justification. Therefore, we recommend the opening of a dialogue with all sectors of the society, political parties, business owners, etc., to seek some amendments in the 'economic package' that is being implemented unmercifully."

Among the goals cited in the document is a firm position regarding the serious economic, social, moral, and political situation. It indicates the need for opening a frank, constructive dialogue with the government and the other sectors of national life, that will make it possible to revise, adjust, and correct social and economic policies. The results of the latter have been obviously negative for the majority sectors of the Venezuelan population.

In another part of the document, macrosocial indicators are analyzed. The government takes great comfort in the macroeconomic indicators (the increase in reserves, the fiscal deficit, etc.). The macroeconomic indicators show 80 percent of the population in a state of poverty, a fifth of the population illiterate, 10 percent overtly unemployed (these are official figures), 40 percent of the economically active population in the informal sector, and 10 million persons living in slums without services. They also reveal 70 percent of wages spent on food, and a minimum wage of 6,000 bolivares, whereas the cost of the basic market basket is 18,000 bolivares. The economic indicators show: cumulative inflation (during the 30 months of the package) of 160 percent, and interest rates so high that they preclude access to credit. They also cite the devaluation of the bolivar, steady price hikes, a deterioration of the real wage, a decline in the living standard, etc.

The ideological context in which this chaotic situation is appearing is one of neoliberalism. There is an attack on that philosophy, with its alleged panacea of free supply and demand, the brutal law of the strong, and privatization interpreted as a mere transfer of assets from the public to the private sector, without any features of a social or even economic type, because it is virtually auctioning off the country. Also indicated as a part of neoliberalism is the liquidation of the workers' demands, as well as the intention of destroying the labor movement so as to be able to act without a counterbalance, since the political parties per se are in a state of obvious deterioration.

The agenda of general demands submitted in the document includes democratizing the economy as an option opposed to the theory of privatization being fostered by neoliberalism and the government. The trade unionists believe that, besides privatization, there could also be joint management and self-management. Thus far, capital has not been democratized with the privatizations. Those that have acquired banks, and those purchasing VIASA [Venezuelan International Aviation, Inc.] and Telefonica, are the large national and international consortiums. Other demands are the restoration of the desire for social equality, for which a just distribution of goods and services is essential; a reinforcement of the democratic system; and a rejection of the neoliberal policy of making labor relations flexible and regulating them. The ecological issue is considered vitally important. The agenda calls for the creation of a complete social security system.

Agenda for Immediate Action

1. To repeal the decree raising the prices of gasoline and other fuels.
2. To keep the social benefits system in effect.
3. To establish a real wage compensation, through a permanent system.
4. To accelerate the restructuring of Social Security.
5. To request cancellation of the intention to throw 300,000 public employees out into the street.

In the same document, they announce that a national civil strike will be held on 3 October if there is no favorable response to this document.

* PDVSA Official on Expansion, Financing

92SM0012A Caracas EL NACIONAL in Spanish
14 Sep 91 p D-7

[Article by Alicia Aguilar]

[Text] Venezuelan Petroleum, Inc. [PDVSA] is analyzing the possibility of making greater use of its debt capacity in the country; for which purpose it proposes to issue bonds in bolivares on the local capital markets.

PDVSA is of the opinion that this expedient would help to resolve the situation marked by excessive savings being experienced by the national economy. It is thought that this would simultaneously complement the external financing mechanisms to which it is intended to resort for imports of goods and equipment required for the national oil industry's expansion plans.

Ramon Espinasa, the Venezuelan Petroleum, Inc., advisor on corporate planning coordination, reported that the possibility of issuing bonds in local currency has already been discussed with the Central Bank of Venezuela and various international institutions. It is a method viewed with approval in the industry's circles.

The proposal has prompted a study. Only the first steps have been taken in this regard, and magnitudes have not even been proposed. However, the internal financing capacity is thought to be quite sizable, if one observes the performance of the Zero Coupon bonds. Between August

1990 and May 1991, the Central Bank sold a volume thereof exceeding 460 billion bolivares, equivalent to about $7.6 billion.

Ramon Espinasa remarked that PDVSA is studying the mechanisms that must be used to achieve the future issue of bonds in bolivares. In any event, this will be synchronized with the rest of the macroeconomic policy and, in particular, with the Central Bank's monetary policy.

Another option for internal financing being analyzed by the industry, apart from that of bond issues, is corporate financing with a "pool" of national banks, as has been done before for other projects.

Expansion Plan

The plans of Venezuelan Petroleum, Inc., are not immutable. Although it devises them for six years over the medium term, it updates them annually. In other words, the investment figures are being constantly revised, and therefore its plans are flexible.

For the period 1991-96, currently in effect, the industry has anticipated disbursements amounting to 1.8 trillion bolivares which, at the current exchange rate, represents approximately $32 billion. This amount would be contributed by the company itself. Moreover, the plan calls for investments of 2.6 trillion bolivares during the period. The difference, 800 billion bolivares, would be obtained by way of the associations to be created by PDVSA and its subsidiaries for the petrochemical and coal programs with private capital companies or through external financing.

Ramon Espinasa noted that these figures are being revised in the light of the first year that the 1991-96 plan has been in effect: "We are currently working on the 1992-97 medium-term plan, but the aim of its orientation is still essentially the same."

As the oil company has announced, the purpose of the medium-term expansion plan is to maximize the search for condensates, so as to increase proven reserves, to raise the production potential from 2.7 million to 3.5 million barrels per day, and to increase natural gas production for the national market to 1.1 trillion cubic feet. It is also intended to raise the internal refining capacity from 1.2 to 1.6 million barrels per day, and the processing of heavy crudes to 260,000 barrels per day.

In addition, it is aimed at improving the quality of the products, based on the requirements of the national and international market. It is intended to increase the volume of crude processing in refineries abroad from 610,000 to 850,000 barrels per day, to ensure markets for 400,000 barrels of oil per day, with a high sulfur content, as well as 450,000 barrels of heavy crude per day. Other goals are to increase the PDVSA fleet from 19 to 39 tankers, to raise the petrochemical industry's production capacity from 2.5 million to 13.7 million tons in 1996, and to raise this sector's exports to 4.9 million tons by the same year.

The medium-term plan also includes the development of the coal producing sector, in which there is a program to raise production to 11.5 million tons by the end of 1996, and to ensure a production of 900 barrels of orimulsion per day. As for this small amount of orimulsion, it has been reported that the maximum amount of this fuel that can be sold on the international markets for thermoelectric generation is a million barrels per day.

Financing Methods

Among the methods being considered by PDVSA as options for ensuring the funds required to finance this ambitious plan which, in the view of the company's executives, will act as a mobilizer of the national economy, stimulating growth in other industrial sectors, are operations based on long-term supplies. Also being considered are long-term bond issues on the capital markets, financial leasing, and the marketing of commercial paper with an accounts receivable guarantee.

In this regard, the corporate planning coordination advisor, Ramon Espinasa, indicated that the financing mechanisms for the expansion plan must be viewed business by business. They must be based on the premise that, of all the investments necessary, only a minimal number require financing, because the bulk of the investments will be self-financed by the industry.

"This means that financing and associations in specific businesses are being sought, and the associations will not depend solely on PDVSA's capital requirements, but also on factors such as market penetration and access to technology. A typical example of this is the Cristobal Colon project. This has been the practice for years in the petrochemical sector, in which PEQUIVEN [Petrochemical Company of Venezuela] has often acted as a business promoter, with a minority share.

"In other sectors, wherein the national oil industry dominates the technology and has complete control of the market, financing is being considered through the capital markets to cover shortages that the parent company might show in certain specific years. Included in this type of financing is the issue of bonds with bridge credit, which the state oil company recently negotiated with The Bankers Trust."

Espinasa deemed it impossible to state dogmatically whether association is better than financing on the capital market, because capital requirements are not the only criterion. He cited as an example the coal sector, in which it is feasible to resort to associations with private companies.

Corporate Debt

The PDVSA advisor was emphatic in pointing out that the national oil industry shows a corporate debt of approximately 2 percent, one of the lowest indexes in the world.

"Venezuelan Petroleum, Inc., has traditionally been very cautious about debt of this type, which requires guarantees from the corporation itself and, ultimately, from the nation, as owner of the company. Hence, it has a very wide margin for corporate debt, and the company's financial indicators as a commercial firm are excellent."

Despite this positive status, which would enable it to have preferential access to capital markets, Espinasa claimed that PDVSA, "perhaps because of the experience that the country has had in the past, has been unwilling to make use of corporate debt."

He maintained that the financing mechanisms to be used in the future (through bond issues, rather than corporate debt) favor the financing of imports by suppliers. They make intensive use of the import-export banks, through operations in which the guarantee is not corporate, but rather, is given as such to the specific projects being financed in each instance.

"So, there are associations, as in the case of Cristobal Colon and the petrochemical projects, and financing. With regard to the latter, PDVSA is making preferential use of financing in specific purchases of goods (service engineering, machinery, and production and refining equipment) abroad. These are usually financed by the suppliers of those goods, or possibly by the country supplying them."

Espinasa added that, inasmuch as the financing is for imports, it does not clash with the macroeconomic guidelines. This is because it is a totally sound debt, which has its immediate counterpart in projects materializing investments, and generating funds within a few months.

"This is a key factor differentiating the financing of projects from corporate debt. In the former, the money as such never reaches PDVSA, and it receives goods, machinery, and equipment, much of which is producing a cash flow within three or four months. Corporate debt is a general issue of bonds or another type of instrument representing money that the company eventually uses."